

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input checked="" type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name County of Wexford, Michigan	County Wexford
Fiscal Year End December 31, 2007	Opinion Date June 10, 2008	Date Audit Report Submitted to State June 19, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe) Single Audit	<input checked="" type="checkbox"/>		
Certified Public Accountant (Firm Name) Anderson, Tackman & Company, PLC		Telephone Number 906-495-5952	
Street Address 16978 S. Riley Avenue		City Kincheloe	State MI
		Zip 49788	
Authorizing CPA Signature <i>Kenneth A. Talsma</i>	Printed Name Kenneth A. Talsma, CPA		License Number 1101024989

County of Wexford, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2007

WEXFORD COUNTY, MICHIGAN

ORGANIZATION

MEMBERS OF THE COUNTY COMMISSION

CHAIR PERSON	LARRY COPLEY
VICE CHAIR	SARAH MCKEEVER
COMMISSIONER	TOM AKERS
COMMISSIONER	LESLIE HOUSLER
COMMISSIONER	JERRY BULOCK
COMMISSIONER	BILL GOODWILL
COMMISSIONER	MIKE STUMP
COMMISSIONER	WILLIAM S. BARNETT
COMMISSIONER	SCOTT REAGAN

APPOINTED/ELECTED OFFICIALS

COUNTY ADMINISTRATOR	CYNTHIA STAMBAUGH
COUNTY TREASURER	WENDY MOORE
COUNTY CLERK	ELAINE RICHARDSON
GENERAL ACCOUNTING SUPERVISOR	PAM DAHLSTROM

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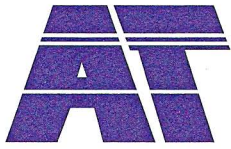
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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

PHILLIP J. WOLF, CPA, PRINCIPAL
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MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the County of Wexford, Michigan as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, which represent 100% and 100% of the assets and revenues of the Discretely Presented Component Units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, in so far as it relates to the amounts recorded for the Cadillac-Wexford Public Library, Wexford County Road Commission, Cadillac-Wexford Transit Authority, and the Wexford County Airport Authority, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Cadillac-Wexford Public Library, Wexford County Road Commission, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wexford, Michigan as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2008 on our consideration of the County of Wexford's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Wexford's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The additional information regarding the Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly we express no opinion on them. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County of Wexford. The accompanying schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Anderson, Tackman & Company, PLC
Certified Public Accountants

June 10, 2008

Management's Discussion and Analysis

Using this Annual Report

The County's audit report consists of the following:

<ul style="list-style-type: none">• Management's discussion and analysis• Government-wide financial statements• Fund financial statements	<ul style="list-style-type: none">• Notes to the financial statements• Required supplementary information• Other supplementary information
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The 2007 audit report provides a comparison for 2006 and 2007. Most notable is the "Statement of Net Assets". This document presents information on the County assets and liabilities as a whole, with the difference shown as "Net Assets". The "Statement of Activities" details the sources of revenue and the related expenditures for 2007 ending again with the net assets. Increases or decreases of net assets from period to period provide useful information on the direction of the County's financial position over time.

Also provided are individual fund financial statements for Wexford County's major funds with one column provided for non-major funds. These statements are grouped into three distinct categories:

- Government Services such as public safety, judicial, and administration.
- Proprietary Funds such as Water Systems, the Wexford County Landfill, and Delinquent Tax Funds.
- Fiduciary Funds which account for resources held for outside parties. Examples of these funds would be restitutions, payroll withholdings, and property tax distributions.

Reconciliation between the individual fund statements and the government-wide financials is provided following the individual fund statements. The differences between the statement of net assets and the fund balance sheet primarily relate to the inclusion of capital assets, certain receivables, and long-term liabilities in the government-wide statement of net assets, which are not included in the fund level balance sheet. The differences between the statement of activities and that of revenues, expenditures, and changes in fund balances primarily relate to the timing of reporting capital outlays and debt principal payments in the fund statements and a difference in the timing of the recognition of certain revenues and expenditures such as bond proceeds, accrued interest and accrued employee benefits such as leave time.

Government-wide Statements

The government-wide financial statements of the County are divided into three categories.

Governmental Activities

These are the activities and/or services funded through property taxes and fees for services and are reflected as "General Fund" activities.

Business-Type Activities

These are activities supported by fees exclusively and/or activities that are business-like in nature. Examples include:

- Unrestricted Treasurer's Fund
- Delinquent Tax Funds
- Landfill Enterprise Fund
- Other non-major Enterprise Funds such as Recycling, Land Re-Utilization and Water and Sewer Systems.

Component Units

- Transit Authority
- Airport Authority
- Wexford-Cadillac Library
- Wexford County Road Commission

Governmental Activities and Business-Type Activities are best used in determining the County financial health from the vantage point of day-to-day operations of activities overseen by the Board of Commissioners.

The County as a Whole

The County recognized an increase of \$121,915 in net assets in its governmental activities for the fiscal year ending December 31, 2007. This is a result of the following:

- 1) General Fund revenues exceeded expenditures.
- 2) An additional \$311,241 reflected as taxes receivable for the third year of the newly implemented Revenue Sharing Reserve Fund due to early tax collection requirements.

In a condensed format, the table below shows the net assets of Wexford County.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current Assets	\$ 13,048,356	\$ 12,693,358	\$ 7,766,265	\$ 9,796,978	\$ 20,814,621	\$ 22,490,336
Noncurrent Assets:						
Restricted Assets	-	-	3,471,217	1,347,557	3,471,217	1,347,557
Capital Assets	<u>7,613,997</u>	<u>7,764,666</u>	<u>5,377,036</u>	<u>11,208,342</u>	<u>12,991,033</u>	<u>18,973,008</u>
Total Assets	<u>\$ 20,662,353</u>	<u>\$ 20,458,024</u>	<u>\$ 16,614,518</u>	<u>\$ 22,352,877</u>	<u>\$ 37,276,871</u>	<u>\$ 42,810,901</u>
Current Liabilities	\$ 3,390,369	\$ 3,386,107	\$ 517,440	\$ 551,475	\$ 3,907,809	\$ 3,937,582
Noncurrent Liabilities	<u>5,559,959</u>	<u>5,481,807</u>	<u>9,764,388</u>	<u>9,704,279</u>	<u>15,324,347</u>	<u>15,186,086</u>
Total Liabilities	<u>8,950,328</u>	<u>8,867,914</u>	<u>10,281,828</u>	<u>10,255,754</u>	<u>19,232,156</u>	<u>19,123,668</u>
Net Assets						
Invested in Capital Assets -						
Net of Related Debt	2,073,675	2,443,506	4,473,540	10,156,332	6,547,215	12,599,838
Restricted	5,202,823	5,448,615	-	-	5,202,823	5,448,615
Unrestricted	<u>4,435,527</u>	<u>3,697,989</u>	<u>1,859,150</u>	<u>1,940,791</u>	<u>6,294,677</u>	<u>5,638,780</u>
Total Net Assets	<u>\$ 11,712,025</u>	<u>\$ 11,590,110</u>	<u>\$ 6,332,690</u>	<u>\$ 12,097,123</u>	<u>\$ 18,044,715</u>	<u>\$ 23,687,233</u>

The current level of unrestricted net assets for our governmental activities stands at \$4,435,527, or about 27.4% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net Assets of the governmental activities increased approximately 1.05%. Net Assets of the business-type activities decreased approximately 47.7%. Continuing cell construction activity and contamination clean up at the Sanitary Landfill are responsible for the decrease in Net Assets of the business-type activities.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Charges for Services	\$ 3,267,034	\$ 3,087,327	\$ 3,990,367	\$ 3,503,605	\$ 7,257,401	\$ 6,590,932
Operating Grants and Contributions	3,455,955	2,992,086	-	-	3,455,955	2,992,086
General Revenues:						
Property Taxes	9,171,603	9,945,344	-	-	9,171,603	9,945,344
Unrestricted Investment Earnings	344,056	328,078	291,593	421,239	635,649	749,317
Other Revenue	-	-	88,243	13,696	88,243	13,696
Transfers	61,564	58,245	(61,564)	(58,245)	-	-
Total Program Revenues	16,300,212	16,411,080	4,308,639	3,880,295	20,608,851	20,291,375
Program Expenses:						
Legislative	51,647	51,738	-	-	51,647	51,738
Judicial	2,318,043	2,289,319	-	-	2,318,043	2,289,319
General Government	3,089,127	3,189,009	-	-	3,089,127	3,189,009
Public Safety	5,333,668	5,327,581	-	-	5,333,668	5,327,581
Health and Welfare	3,008,111	2,466,518	-	-	3,008,111	2,466,518
Community and Economic Development	242,386	178,751	-	-	242,386	178,751
Recreation and Culture	309,880	335,726	-	-	309,880	335,726
Interest Expense - Unallocated	305,096	394,934	-	-	305,096	394,934
Other Expenses	1,520,339	867,467	-	-	1,520,339	867,467
Water and Wastewater	-	-	542,137	558,268	542,137	558,268
Sanitary Landfill	-	-	4,134,184	4,956,316	4,134,184	4,956,316
Delinquent Tax	-	-	40,328	11,640	40,328	11,640
Other business-type activities	-	-	428,906	74,673	428,906	74,673
Total Program Expenses	16,178,297	15,101,043	5,145,555	5,600,897	21,323,852	20,701,940
Changes in Net Assets	121,915	1,310,037	(836,916)	(1,720,602)	(715,001)	(410,565)
Net Assets – Beginning	11,590,110	10,280,073	12,097,123	13,817,725	23,687,233	24,097,798
Prior Period Adjustment	-	-	(4,927,517)	-	(4,927,517)	-
Net Assets Beginning, as Restated	11,590,110	10,280,073	7,169,606	13,817,725	18,759,716	24,097,798
Net Assets – Ending	\$ 11,712,025	\$ 11,590,110	\$ 6,332,690	\$ 12,097,123	\$ 18,044,715	\$ 23,687,233

Governmental Activities

Over the last few years, the County has experienced slow but steady growth in tax revenues, despite the Proposal A restraints. For the 2007 budget, revenues were conservatively estimated first and the expenditures reduced to match. As indicated by an addition to General Fund fund balance, departments were able to live within those budgets.

Revenue will continue to be an issue. The shift of revenue sharing to early tax collection, as dictated by the state, began during 2005 with the County recognizing their annual allotment of the new Revenue Sharing Reserve Fund as determined by the State of Michigan. Because all line items within each departmental budget are reduced to match revenues, any further reduction in sources of income must be reflected through additional cuts in expenditures. In turn, such reductions have the potential of adversely affecting both non-mandated and mandated services. Wexford County, by policy, wishes to maintain a 14% (General Fund) fund balance. The 2008 budget was done again with virtually no contingency dollars except for wages. Any potential overage in this year's budgeted expenses, if not offset by increased revenues, cannot be met without use of fund balance. Wexford County's prudent expenditure of monies in 2007 leaves it with a fund balance of \$2,383,747, which is 20% of the 2008 approved budget. While this is well over the County policy of 14%, it must be noted that a part of the fund balance is due to the change in funding of Revenue Sharing and is taxes receivable for the portion of the summer collection that is yet to be collected in 2008. This does not equate to cash. The County continues its efforts toward a more sound financial position and continues to enjoy a better financial environment than some counties in the State of Michigan.

In looking at the expenditure side, the issues remain the same. High unpredictable costs of operation may force unfavorable actions. These, to name a few, are:

- Employee Benefits
- Child Care Fund
- Sheriff Department overtime to meet unexpected demands
- Inmate Housing created by rental costs and/or unexpected influx of inmates. The social climate is one factor in this equation, the other is state-level changes at the Department of Corrections and the many alternatives this department creates to relieve its own budgetary shortfalls
- Unexpected maintenance costs or capital improvement

Business-Type Activities

In regard to the business-type activities, net assets continued to fall, due to continued work at the Landfill. These expense areas involved the ongoing efforts to define potential ground-water contamination, leachate treatment costs, and overall operational cost increases. Foremost of these costs are the escalating expenses involving ground-water contamination and the costs associated with obtaining an approved remedial action plan.

Growing expenses at the Wexford County Landfill exceeded revenues by \$1,556,694, due to these mandated changes and operational expenses.

Water and sewer operations remained stable. A current review is being done regarding operational and debt retirement expenses in relationship to fund excesses that are held by participating governmental units.

The County's Funds

Our analysis of the County's major funds begins on page 12, following the entity-wide financial statements. The individual fund financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2007 include the General Fund, Revenue Sharing Reserve, Community Development Grant Program, Council on Aging, 2006 Delinquent Tax Fund, Sanitary Landfill, Unrestricted Treasurers Fund, and Haring Township Water System.

The General Fund supports most of the County's governmental services. Police services, along with housing inmates outside the County are among the costliest services. Road Patrol services are supported by an operational millage. The Revenue Sharing Reserve Fund was new in 2004 and holds County taxes collected during the summer tax season. These funds will go back to the General fund in proportion to previously received State Revenue Sharing payments. The 2006 Delinquent Tax Fund is supported by interest and fees from the collection of delinquent taxes.

Other Funds

Other funds of note are:

- 2005 Delinquent Tax Fund
- Self Insurance Internal Service Fund

These reflect no unusual changes during 2007, though it is to be noted that the Self Insurance Internal Service Fund reflects an increase fund balance due to a continued reduction in overall health care costs for 2007.

General Fund Budgetary Highlights

Wexford County's General Fund budget for 2007 as originally adopted reflected a balanced projection for the year. The General Fund revenues came in slightly over the budgeted projection, while expenditures came in slightly less. The County recognized an increase in the fund balance of the General Fund in the amount of \$177,069. As explained earlier, an additional tax receivable due to the summer collection of 2/3 of County taxes resulted in a portion of that increase. The remaining addition is again, due to the positive performance of each department within the County system.

Capital Asset and Debt Administration

As of December 31, 2007, the County had invested \$12,991,033 in capital assets that meet the dollar threshold of the reporting requirement. There were lesser dollar purchases as well for the purpose of upgrading selected personal computers.

The County reduced its bond debt load by \$4,219,000 (\$119,000 in principal payments and advance refunding of 4,100,000) than the county issued \$4,365,000 of general obligation debt ending with a debt balance of \$5,202,000. \$90,000 was for payments on revenue bonds; \$29,000 was for payment on special assessment bonds with the balance being put toward bonds for the Government Center building.

Economic Factors and Next Year's Budgets and Rates

As noted elsewhere, the County has experienced relatively stable revenue over many years, with any reductions in state revenue being offset to some degree by an increase in residential home values. Our dependence on such growth to offset the ever-expanding service requirements and the ongoing state reductions in payments to Counties will need to be changed in the future as the building trades continue to experience a drop in activities.

Property taxes account for nearly 67% of revenue generated, with charges for services generating nearly 11%. Due to the shift from state revenue to early collection, 2008 will see cash flow as an issue. In order to fund such a need, the County will need to consider using fund balance or tax revolving funds as the lending source.

Secondly, concern must be drawn to health insurance costs. The County recognized another slight decrease in health care costs with the renewal effective May 1, 2007. The County continues to monitor health care costs and continues to make adjustments to those programs to keep those costs in check. Other benefit issues continue to be addressed by the County including retirement programs.

The Landfill continues to be a big concern for the County. They continue to make efforts to contain those costs and move forward in all Landfill operations. Capped property tax rates and shrinking state shared revenues continue to have a direct impact.

Wexford County must consider the following, however, in this year and in the future:

- Continuing the process to fund capital improvement or asset issues.
- Reestablishment of a contingency fund to handle legitimate emergencies.
- Address inmate housing and jail facility replacement.
- Continue to provide financial latitude for departmental managers within the parameters of their budgets.
- Landfill issues.

Component Unit

A complete financial statement and management's discussion and analysis may be obtained from each respective component unit.

Contacting the County's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the Office of County Clerk at 437 E. Division, Cadillac, Michigan 49601.

Basic Financial Statements

County of Wexford, Michigan

Statement of Net Assets

December 31, 2007

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS:				
<i>Current Assets:</i>				
Cash & Equivalents - Unrestricted	\$ 7,779,166	\$ 5,829,501	\$ 13,608,667	\$ 2,253,112
Investments - Unrestricted	501,875	-	501,875	-
Receivables:				
Accounts	206,002	297,145	503,147	1,342,248
Taxes	2,535,026	1,422,258	3,957,284	693,952
Interest	-	187,083	187,083	784
Special Assessments	305,637	-	305,637	-
Loans	1,174,556	-	1,174,556	-
Due from Governmental Units	456,877	24,669	481,546	100,693
Inventory	3,839	-	3,839	763,891
Prepaid Expenses	85,378	5,609	90,987	62,893
<i>Noncurrent Assets:</i>				
Cash & Equivalents - Restricted	-	366,896	366,896	-
Investments - Restricted	-	3,104,321	3,104,321	-
Capital Assets (Not Depreciated)	78,562	149,706	228,268	8,281,033
Capital Assets (Net of Accumulated Depreciation)	7,535,435	5,227,330	12,762,765	23,212,140
TOTAL ASSETS	\$ 20,662,353	\$ 16,614,518	\$ 37,276,871	\$ 36,710,746
LIABILITIES:				
<i>Current Liabilities:</i>				
Accounts Payable	\$ 302,375	\$ 216,801	\$ 519,176	\$ 230,720
Accrued Liabilities	213,633	20,240	233,873	146,036
Accrued Interest Payable	175,607	-	175,607	-
Due to Governmental Units	183,878	-	183,878	256
Deferred Revenue	2,223,785	-	2,223,785	169,730
Other Liabilities	-	1,903	1,903	-
Bonds Payable - Current	169,000	20,000	189,000	-
Capital Lease Payable - Current	122,091	258,496	380,587	-
Notes Payable - Current	-	-	-	100,000
<i>Noncurrent Liabilities:</i>				
Bonds Payable	5,033,000	625,000	5,658,000	-
Capital Lease Payable	216,231	-	216,231	-
Advance from State	-	-	-	455,164
Notes Payable	-	-	-	200,000
Compensated Absences	310,728	-	310,728	429,005
Estimated Liability for Landfill Closure & Postclosure Costs	-	9,139,388	9,139,388	-
TOTAL LIABILITIES	8,950,328	10,281,828	19,232,156	1,730,911
NET ASSETS:				
Invested in Capital Assets (net of related debt)	2,073,675	4,473,540	6,547,215	31,193,173
Restricted for Public Library	-	-	-	17,791
Restricted for County Road	-	-	-	2,023,135
Restricted (See Note 12)	5,202,823	-	5,202,823	-
Unrestricted	4,435,527	1,859,150	6,294,677	1,745,736
TOTAL NET ASSETS	\$ 11,712,025	\$ 6,332,690	\$ 18,044,715	\$ 34,979,835

County of Wexford, Michigan

Statement of Activities For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 51,647	\$ -	\$ -	\$ -	\$ (51,647)	\$ -	\$ (51,647)	\$ -
Judicial	2,318,043	707,920	809,993	-	(800,130)	-	(800,130)	-
General Government	3,089,127	1,010,049	703,464	-	(1,375,614)	-	(1,375,614)	-
Public Safety	5,333,668	730,903	455,981	-	(4,146,784)	-	(4,146,784)	-
Recreation & Culture	309,880	407,507	-	-	97,627	-	97,627	-
Health & Welfare	3,008,111	4,734	1,326,044	-	(1,677,333)	-	(1,677,333)	-
Community & Economic Development	242,386	405,921	160,473	-	324,008	-	324,008	-
Interest expense - Unallocated	305,096	-	-	-	(305,096)	-	(305,096)	-
Other Expenses	1,520,339	-	-	-	(1,520,339)	-	(1,520,339)	-
Total Governmental Activities	16,178,297	3,267,034	3,455,955	-	(9,455,308)	-	(9,455,308)	-
Business-type activities:								
Tax Collection	40,328	575,241	-	-	-	534,913	534,913	-
Landfill	4,134,184	2,431,032	-	-	-	(1,703,152)	(1,703,152)	-
Water & Wastewater	542,137	604,547	-	-	-	62,410	62,410	-
Other	428,906	379,547	-	-	-	(49,359)	(49,359)	-
Total Business-type Activities	5,145,555	3,990,367	-	-	-	(1,155,188)	(1,155,188)	-
Total Primary Government	\$ 21,323,852	\$ 7,257,401	\$ 3,455,955	\$ -	(9,455,308)	(1,155,188)	(10,610,496)	-
Component Units:								
Transit Authority	\$ 1,781,166	\$ 268,124	\$ 898,715	\$ 534,244				(80,083)
Airport Authority	683,808	388,639	106,878	92,730				(95,561)
Public Library	958,839	4,204	20,157	-				(934,478)
Road Commission	6,348,800	1,927,758	7,830,466	-				3,409,424
Total Component Units	9,772,613	2,588,725	8,856,216	626,974				2,299,302
Total	\$ 31,096,465	\$ 9,846,126	\$ 12,312,171	\$ 626,974				2,299,302
General Revenues:								
Taxes					9,171,603	-	9,171,603	1,241,252
Federal, State, & Local - General					-	-	-	253,099
Investment Earnings (Loss)					344,056	291,593	635,649	107,572
Other Revenue					-	88,243	88,243	155,029
Transfers					61,564	(61,564)	-	-
Total General Revenues and Transfers					9,577,223	318,272	9,895,495	1,756,952
Change in Net Assets					121,915	(836,916)	(715,001)	4,056,254
Net Assets - Beginning					11,590,110	12,097,123	23,687,233	30,923,581
Prior Period Adjustment					-	(4,927,517)	(4,927,517)	-
Net Assets, As Restated					11,590,110	7,169,606	18,759,716	30,923,581
Net Assets - Ending					\$ 11,712,025	\$ 6,332,690	\$ 18,044,715	\$ 34,979,835

See accompanying notes to financial statements.

County of Wexford, Michigan

Balance Sheet Governmental Funds December 31, 2007

	General	Revenue Sharing Reserve	Community Development Grant Program	Council on Aging	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash & Equivalents - Unrestricted	\$ 1,924,623	\$ 3,092,974	\$ 37,183	\$ 72,893	\$ 1,968,135	\$ 7,095,808
Investments - Unrestricted	-	501,875	-	-	-	501,875
Receivables:						
Accounts	165,565	-	-	-	35,476	201,041
Taxes	311,241	-	-	965,616	1,258,169	2,535,026
Special Assessments	-	-	-	-	305,637	305,637
Loans	-	-	1,174,556	-	-	1,174,556
Due from Governmental Units	408,814	-	-	-	48,063	456,877
Prepaid Expenditures	10,915	-	-	-	4,083	14,998
Inventories	-	-	-	-	3,839	3,839
TOTAL ASSETS	\$ 2,821,158	\$ 3,594,849	\$ 1,211,739	\$ 1,038,509	\$ 3,623,402	\$ 12,289,657
LIABILITIES:						
Accounts Payable	\$ 245,696	\$ -	\$ -	\$ -	\$ 30,318	\$ 276,014
Accrued Liabilities	191,715	-	-	-	21,918	213,633
Due to Governmental Units	-	-	-	-	183,878	183,878
Deferred Revenue	-	-	1,174,556	965,616	1,563,806	3,703,978
TOTAL LIABILITIES	437,411	-	1,174,556	965,616	1,799,920	4,377,503
FUND BALANCES:						
Reserved	-	3,594,849	-	-	-	3,594,849
Unreserved:						
Undesignated	2,383,747	-	37,183	72,893	1,823,482	4,317,305
TOTAL FUND BALANCES	2,383,747	3,594,849	37,183	72,893	1,823,482	7,912,154
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,821,158	\$ 3,594,849	\$ 1,211,739	\$ 1,038,509	\$ 3,623,402	

Reconciliation to amounts reported for governmental activities in the statement of net assets:

Capital assets used by governmental activities	7,613,997
Revenues from Home Improvement Loans & Special Assessment:	1,480,193
Long-term notes & leases payable for governmental activities	(5,540,322)
Compensated absences liability	(310,728)
Internal service funds included in governmental activities	732,338
Accrued interest payable	(175,607)
Net assets of governmental activities	\$ 11,712,025

County of Wexford, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2007

	General	Revenue Sharing Reserve	Community Development Grant Program	Council on Aging	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 6,931,981	\$ -	\$ -	\$ 918,677	\$ 1,320,945	\$ 9,171,603
Special Assessments	-	-	-	-	61,512	61,512
Licenses & Permits	10,347	-	-	-	9,190	19,537
Intergovernmental Revenue:						
Federal Sources	642,360	-	160,473	-	61,290	864,123
State Sources	735,167	-	-	-	1,779,747	2,514,914
Local Sources	8,062	-	-	-	68,856	76,918
Charges for Services	1,159,842	-	-	-	653,450	1,813,292
Fines & Forfeitures	46,592	-	-	-	-	46,592
Interest & Rentals	141,393	99,769	1,195	15,442	86,257	344,056
Other Revenue	643,890	-	45,472	-	227,187	916,549
TOTAL REVENUES	10,319,634	99,769	207,140	934,119	4,268,434	15,829,096
EXPENDITURES:						
Legislative	51,647	-	-	-	-	51,647
Judicial	2,318,043	-	-	-	-	2,318,043
General Government	2,876,621	-	-	-	61,339	2,937,960
Public Safety	4,340,615	-	-	-	837,300	5,177,915
Health & Welfare	119,850	-	-	936,424	1,951,837	3,008,111
Recreation & Culture	-	-	-	-	371,207	371,207
Community & Economic Development	57,088	-	187,056	-	-	244,144
Capital Outlay	-	-	-	-	986,463	986,463
Debt Service	-	-	-	-	424,096	424,096
Other Expenditures	499,517	-	-	-	2,727	502,244
TOTAL EXPENDITURES	10,263,381	-	187,056	936,424	4,634,969	16,021,830
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,253	99,769	20,084	(2,305)	(366,535)	(192,734)
OTHER FINANCING SOURCES (USES):						
Lease Proceeds	-	-	-	-	190,279	190,279
Operating Transfers In	1,579,454	-	-	-	1,458,638	3,038,092
Operating Transfers Out	(1,458,638)	(596,523)	-	-	(921,367)	(2,976,528)
Proceeds of Refunding Bonds	-	-	-	-	4,365,000	4,365,000
Payment of Refunded Bond Escrow Agent	-	-	-	-	(4,100,000)	(4,100,000)
Bond Refunding Cost	-	-	-	-	(265,000)	(265,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	177,069	(496,754)	20,084	(2,305)	361,015	59,109
FUND BALANCES, JANUARY 1	2,206,678	4,091,603	17,099	75,198	1,462,467	7,853,045
FUND BALANCES, DECEMBER 31	\$ 2,383,747	\$ 3,594,849	\$ 37,183	\$ 72,893	\$ 1,823,482	\$ 7,912,154

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2007**

Net Changes in fund balances - total governmental funds 59,109

The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$387,624) exceeded capital outlay \$236,955 in the current period. (150,669)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Principal Payments	119,000
Lease Payments	117,117
Capital Lease Proceeds	(190,279)
Proceeds of Refunding Bonds	(4,365,000)
Payment of Refunded Bond Escrow Agent	4,100,000

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days after year end. (32,546)

Home Improvement Loan program revenue is recorded as revenue when earned; they are not reported in the funds until collected. 91,974

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Compensated absences	19,944	
Accrued interest on bonds	<u>3,141</u>	23,085

Internal Service Funds are included as governmental activities. 350,124

Changes in net assets of governmental activities \$ 121,915

Statement of Net Assets
Proprietary Funds
December 31, 2007

	Business-type Activities						
	Enterprise Funds						
	2006 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS:							
<i>Current Assets:</i>							
Cash & Equivalents - Unrestricted	\$ 1,962,758	\$ 515,246	\$ 1,081,410	\$ 597,658	\$ 1,539,817	\$ 5,696,889	\$ 815,970
Receivables:							
Accounts	-	177,522	614	16,004	103,005	297,145	4,961
Taxes	1,224,789	-	-	-	197,469	1,422,258	-
Interest	122,438	-	-	-	64,645	187,083	-
Due from Other Governmental Units	19,238	-	-	-	5,431	24,669	-
Advances from Other Funds	-	-	3,200,000	-	-	3,200,000	-
Prepaid Expenses	-	5,609	-	-	-	5,609	70,380
Total Current Assets	3,329,223	698,377	4,282,024	613,662	1,910,367	10,833,653	891,311
<i>Noncurrent Assets:</i>							
Cash & Equivalents - Restricted	-	366,896	-	-	-	366,896	-
Investments - Restricted	-	3,104,321	-	-	-	3,104,321	-
Capital Assets (not depreciated)	-	149,706	-	-	-	149,706	-
Capital Assets (net of accumulated depreciation)	-	3,308,873	-	1,609,895	273,935	5,192,703	34,627
Total Noncurrent Assets	-	6,929,796	-	1,609,895	273,935	8,813,626	34,627
TOTAL ASSETS	\$ 3,329,223	\$ 7,628,173	\$ 4,282,024	\$ 2,223,557	\$ 2,184,302	\$ 19,647,279	\$ 925,938
LIABILITIES & NET ASSETS:							
<i>Current Liabilities:</i>							
Advances from Other Funds	\$ 3,000,000	\$ -	\$ -	\$ -	\$ 200,000	\$ 3,200,000	\$ -
Accounts Payable	-	186,373	-	3,453	19,926	209,752	33,410
Accrued Liabilities	-	5,059	-	9,137	2,745	16,941	3,299
Capital Leases Payable - Current	-	240,316	-	-	-	240,316	-
Bonds Payable - Current	-	-	-	20,000	-	20,000	18,180
Other Liabilities	-	-	-	-	1,903	1,903	-
Total Current Liabilities	3,000,000	431,748	-	32,590	224,574	3,688,912	54,889
<i>Noncurrent Liabilities:</i>							
Bonds Payable	-	-	-	625,000	-	625,000	-
Estimated Liability for Landfill Closure & Postclosure Costs	-	9,139,388	-	-	-	9,139,388	-
Total Noncurrent Liabilities	-	9,139,388	-	625,000	-	9,764,388	-
TOTAL LIABILITIES	3,000,000	9,571,136	-	657,590	224,574	13,453,300	54,889
<i>Net Assets:</i>							
Invested in Capital Assets (net of related debt)	-	3,218,263	-	964,895	273,935	4,457,093	16,447
Unrestricted	329,223	(5,161,226)	4,282,024	601,072	1,685,793	1,736,886	854,602
TOTAL NET ASSETS	\$ 329,223	\$ (1,942,963)	\$ 4,282,024	\$ 1,565,967	\$ 1,959,728	6,193,979	\$ 871,049
Reconciliation to amounts reported for business activities in the statement of net assets:							
Internal service funds included in business activities						138,711	
Net assets of business activities						\$ 6,332,690	

**Statement of Revenues, Expenses, and
Changes in Net Assets - Proprietary Funds
For the Year Ended December 31, 2007**

	Business-type Activities						
	Enterprise Funds						Internal Service Funds
	2006 Delinquent Tax	Landfill	Unrestricted Treasurer's Fund	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES:							
Interest & Penalties	\$ 293,056	\$ 10,740	\$ 1,511	\$ -	\$ 190,767	\$ 496,074	\$ -
Charges for Services	4,845	2,420,292	-	193,456	497,664	3,116,257	378,036
Premiums - Health Insurance	-	-	-	-	-	-	1,503,728
Other Revenue	-	5,150	-	5,264	77,829	88,243	6,816
Total Operating Revenues	297,901	2,436,182	1,511	198,720	766,260	3,700,574	1,888,580
OPERATING EXPENSES:							
Salaries & Benefits	-	349,604	-	79,275	146,009	574,888	195,276
Supplies	-	79,687	-	7,492	34,633	121,812	15,061
Contractual Services	-	540,551	-	-	-	540,551	-
Landfill Closure & Postclosure Costs	-	338,801	-	-	-	338,801	-
Administrative	-	287,121	-	33,962	66,947	388,030	76,046
Leachate Treatment	-	394,576	-	-	-	394,576	-
Laboratory Services	-	339,461	-	-	-	339,461	-
Health Care	-	-	-	-	-	-	558,154
Prescriptions	-	-	-	-	-	-	330,193
Reinsurance	-	-	-	-	-	-	114,487
Dental	-	-	-	-	-	-	100,815
Other Services & Charges	-	62,103	4,680	31,658	124,068	222,509	124,413
Repair & Maintenance	-	65,359	-	777	13,314	79,450	3,717
Repair & Maintenance - Site	-	232,102	-	-	-	232,102	-
Remedial Action Plan	-	354,286	-	-	-	354,286	-
Depreciation	-	921,300	-	46,640	23,211	991,151	11,541
Other Expenses	-	169,233	-	3,457	45,240	217,930	-
Total Operating Expenses	-	4,134,184	4,680	203,261	453,422	4,795,547	1,529,703
OPERATING INCOME (LOSS)	297,901	(1,698,002)	(3,169)	(4,541)	312,838	(1,094,973)	358,877
NON-OPERATING REVENUES (EXPENSES):							
Interest Earnings	31,322	160,062	45,280	32,009	75,272	343,945	26,087
Interest Expense	-	(11,820)	-	(40,410)	-	(52,230)	-
Unrealized Gain on Investments	-	(6,934)	-	-	-	(6,934)	-
Total Non-operating Revenues (Expenses)	31,322	141,308	45,280	(8,401)	75,272	284,781	26,087
Income (loss) before transfers	329,223	(1,556,694)	42,111	(12,942)	388,110	(810,192)	384,964
Operating Transfers In	-	750,000	1,192,349	-	218	1,942,567	-
Operating Transfers Out	-	-	(811,782)	-	(1,192,349)	(2,004,131)	-
CHANGE IN NET ASSETS	329,223	(806,694)	422,678	(12,942)	(804,021)	(871,756)	384,964
NET ASSETS, JANUARY 1	-	3,791,248	3,859,346	1,578,909	2,763,749	11,993,252	486,085
PRIOR PERIOD ADJUSTMENT	-	(4,927,517)	-	-	-	(4,927,517)	-
NET ASSETS, JANUARY 1, AS RESTATED	-	(1,136,269)	3,859,346	1,578,909	2,763,749	7,065,735	486,085
NET ASSETS, DECEMBER 31	<u>\$ 329,223</u>	<u>\$ (1,942,963)</u>	<u>\$ 4,282,024</u>	<u>\$ 1,565,967</u>	<u>\$ 1,959,728</u>	<u>\$ 6,193,979</u>	<u>\$ 871,049</u>

County of Wexford, Michigan

Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2007

Business-type Activities							
Enterprise Funds							
2006 Delinquent Tax Fund	Landfill	Unrestricted Treasurer's Funds	Haring Twp Water System	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Customers/payments (to) from other governmental units	\$ 2,390,943	\$ 2,427,452	\$ 1,511	\$ 202,335	\$ 1,907,807	\$ 6,930,048	\$ 1,882,275
Payments to Suppliers	(3,459,507)	(2,675,289)	(6,326)	(79,240)	(2,702,459)	(8,922,821)	(1,311,207)
Payments to Employees	-	(350,242)	-	(78,974)	(145,641)	(574,857)	(194,495)
Internal Activity - Payments/Receipts with Other Funds	3,000,000	-	(600,000)	-	-	2,400,000	-
Net Cash Provided (Used) by Operating Activities	1,931,436	(598,079)	(604,815)	44,121	(940,293)	(167,630)	376,573
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchase of Capital Assets	-	(98,903)	-	-	-	(98,903)	-
Principal Payments	-	(111,517)	-	(20,000)	-	(131,517)	(14,552)
Interest Payments	-	(11,820)	-	(40,410)	-	(52,230)	(2,445)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(222,240)	-	(60,410)	-	(282,650)	(16,997)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:							
Operating transfers in	-	750,000	1,192,349	-	218	1,942,567	-
Operating transfers out	-	-	(811,782)	-	(1,192,349)	(2,004,131)	-
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-	750,000	380,567	-	(1,192,131)	(61,564)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Net Change in Investments	-	(95,893)	-	-	-	(95,893)	-
Interest income	31,322	160,062	45,280	32,009	75,272	343,945	26,087
Net Cash Provided (Used in) Investing Activities	31,322	64,169	45,280	32,009	75,272	248,052	26,087
Net Increase (Decrease) in Cash and Equivalents	1,962,758	(6,150)	(178,968)	15,720	(2,057,152)	(263,792)	385,663
Balances - Beginning of the Year	-	888,292	1,260,378	581,938	3,596,969	6,327,577	430,307
Balances - End of the Year	<u>\$ 1,962,758</u>	<u>\$ 882,142</u>	<u>\$ 1,081,410</u>	<u>\$ 597,658</u>	<u>\$ 1,539,817</u>	<u>\$ 6,063,785</u>	<u>\$ 815,970</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ 297,901	\$ (1,698,002)	\$ (3,169)	\$ (4,541)	\$ 312,838	\$ (1,094,973)	\$ 358,877
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Depreciation	-	921,300	-	46,640	23,211	991,151	11,541
Change in Assets and Liabilities:							
Taxes Receivable	(1,224,789)	-	-	-	1,021,111	(203,678)	-
Accounts Receivable	-	(8,730)	-	3,615	(7,640)	(12,755)	(4,961)
Interest Receivable	(122,438)	-	-	-	93,357	(29,081)	-
Prepaid Expenses	-	(5,609)	-	-	-	(5,609)	(1,344)
Due From Other Governmental Units	(19,238)	-	-	-	33,343	14,105	-
Due From Other Funds	-	-	-	-	(2,400,000)	(2,400,000)	-
Accounts Payable	-	(145,201)	(1,646)	(1,894)	(19,184)	(167,925)	11,679
Accrued Liabilities	-	(638)	-	301	858	521	781
Estimated Liability for Landfill Closure & Post Closure Costs	-	338,801	-	-	-	338,801	-
Due to Other Funds	3,000,000	-	(600,000)	-	-	2,400,000	-
Other Liabilities	-	-	-	-	1,813	1,813	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,931,436</u>	<u>\$ (598,079)</u>	<u>\$ (604,815)</u>	<u>\$ 44,121</u>	<u>\$ (940,293)</u>	<u>\$ (167,630)</u>	<u>\$ 376,573</u>

**Reconciliation of the Statement of Revenues, Expenses,
and Changes in Net Assets of Proprietary Funds
to the Statement of Activities
For the Year Ended December 31, 2007**

Net changes in fund balances - total proprietary funds	\$ (871,756)
The change in net assets reported for business-type activities in the statement of activities is different because:	
Internal Service Funds are included as business activities.	<u>34,840</u>
Changes in net assets of business-type activities	<u><u>\$ (836,916)</u></u>

**Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2007**

	<u>Agency Funds</u>
ASSETS:	
Cash & Equivalents - Unrestricted	<u>\$ 591,924</u>
 TOTAL ASSETS	 <u><u>\$ 591,924</u></u>
 LIABILITIES:	
Accounts Payable	\$ 5,841
Due to Other Governmental Units	<u>586,083</u>
 TOTAL LIABILITIES	 <u><u>\$ 591,924</u></u>

Component Unit Financial Statements

County of Wexford, Michigan

Statement of Net Assets Component Units December 31, 2007

	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	Totals
ASSETS:					
<i>Current Assets:</i>					
Cash	\$ 538,682	\$ 206,215	\$ 376,659	\$ 1,131,556	\$ 2,253,112
Receivables:					
Accounts	18,019	17,636	6,207	1,300,386	1,342,248
Accrued Interest	784	-	-	-	784
Taxes	-	-	693,952	-	693,952
Due From Other Governments	100,693	-	-	-	100,693
Inventory	-	48,373	-	715,518	763,891
Prepaid Expenses	29,761	8,471	24,661	-	62,893
Total Current Assets	687,939	280,695	1,101,479	3,147,460	5,217,573
<i>Noncurrent Assets:</i>					
Capital Assets (Not Depreciated)	356,353	167,437	-	7,757,243	8,281,033
Capital Assets (Net of Accumulated Depreciation)	862,936	1,553,111	744,167	20,051,926	23,212,140
Total Noncurrent Assets	1,219,289	1,720,548	744,167	27,809,169	31,493,173
TOTAL ASSETS	\$ 1,907,228	\$ 2,001,243	\$ 1,845,646	\$ 30,956,629	\$ 36,710,746
LIABILITIES & NET ASSETS:					
<i>Current Liabilities:</i>					
Accounts Payable	\$ 28,995	\$ 15,527	\$ 29,960	\$ 156,238	\$ 230,720
Accrued Liabilities	32,868	3,727	17,298	92,143	146,036
Due to the State	-	-	-	256	256
Deferred Revenue	-	-	10,645	159,085	169,730
Notes Payable	-	-	-	100,000	100,000
Total Current Liabilities	61,863	19,254	57,903	507,722	646,742
<i>Noncurrent Liabilities:</i>					
Advance from State	-	-	-	455,164	455,164
Notes Payable	-	-	-	200,000	200,000
Compensated Absences	92,986	-	74,580	261,439	429,005
Total Noncurrent Liabilities	92,986	-	74,580	916,603	1,084,169
TOTAL LIABILITIES	154,849	19,254	132,483	1,424,325	1,730,911
<i>Net Assets:</i>					
Invested in Capital Assets, net of related debt	1,219,289	1,720,548	744,167	27,509,169	31,193,173
Restricted for Public Library	-	-	17,791	-	17,791
Restricted for County Road	-	-	-	2,023,135	2,023,135
Unrestricted	533,090	261,441	951,205	-	1,745,736
TOTAL NET ASSETS	1,752,379	1,981,989	1,713,163	29,532,304	34,979,835
TOTAL LIABILITIES AND NET ASSETS	\$ 1,907,228	\$ 2,001,243	\$ 1,845,646	\$ 30,956,629	\$ 36,710,746

County of Wexford, Michigan

Statement of Activities Component Units For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Cadillac- Wexford Transit Authority	Wexford County Airport Authority	Cadillac- Wexford Public Library	Wexford County Road Commission	
Cadillac-Wexford Transit Authority:									
Public Works	\$ 1,781,166	\$ 268,124	\$ 898,715	\$ 534,244	\$ (80,083)	\$ -	\$ -	\$ -	\$ (80,083)
Wexford County Airport Authority:									
Public Works	683,808	388,639	106,878	92,730	-	(95,561)	-	-	(95,561)
Cadillac-Wexford Public Library:									
Recreation and Culture	958,839	4,204	20,157	-	-	-	(934,478)	-	(934,478)
Wexford County Road Commission:									
Public Works	6,348,800	1,927,758	7,830,466	-	-	-	-	3,409,424	3,409,424
Total Component Units	<u>\$ 9,772,613</u>	<u>\$ 2,588,725</u>	<u>\$ 8,856,216</u>	<u>\$ 626,974</u>	<u>(80,083)</u>	<u>(95,561)</u>	<u>(934,478)</u>	<u>3,409,424</u>	<u>2,299,302</u>
General Revenues:									
Taxes					545,202	-	696,050	-	1,241,252
State Sources					-	-	253,099	-	253,099
Investment Earnings					4,303	5,113	28,168	69,988	107,572
Other					900	20,559	19,733	113,837	155,029
Total General Revenues					<u>550,405</u>	<u>25,672</u>	<u>997,050</u>	<u>183,825</u>	<u>1,756,952</u>
Changes in Net Assets					470,322	(69,889)	62,572	3,593,249	4,056,254
Net Assets - Beginning					1,282,057	2,051,878	1,650,591	25,939,055	30,923,581
Net Assets - Ending					<u>\$ 1,752,379</u>	<u>\$ 1,981,989</u>	<u>\$ 1,713,163</u>	<u>\$ 29,532,304</u>	<u>\$ 34,979,835</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Wexford, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

A – Reporting Entity

The County operates under an elected Board of Commissioners and provides services to its residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the County of Wexford and its component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governmental body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the County is able to exercise oversight responsibilities. Based on the application of these criteria, the following is a brief review of each potential component unit addressed in defining the County's reporting entity.

Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units

County of Wexford Building Authority – The Building Authority is a County created and directed authority, whose sole business activity is acquiring and leasing property to the County. The Building Authority operations consist of the issuance and repayment of debt and the construction of facilities. The financial statements of the Building Authority are consolidated with the financial statements of the County as follows:

- a. The assets of the Building Authority held for payment of outstanding bond issues are reported in the Debt Service Funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Fixed assets (completed construction projects) of the Building Authority are reported as capital assets in the statement of net assets.

Discretely Presented Component Units

The component units column in the government-wide financial statements include the financial data of the other component units of the County. The following is a summary of the component units:

Cadillac – Wexford Transit Authority – On June 23, 1981, the City of Cadillac and the County of Wexford created the Cadillac-Wexford Transit Authority, a separate legal and administrative unit of government pursuant to the Urban Cooperation Act. The purpose of the Transit Authority is to provide public transportation services to the general public within Wexford County. The Transit Authority began to provide transportation services on September 1, 1982. The Transit Authority is financed by state and federal subsidies as well as a countywide tax levy. The Authority has a September 30th year end. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Transit Authority
1202 N. Mitchell St.
Cadillac, Michigan 49601

Wexford County Airport Authority – The Wexford County Airport Authority was organized to own and operate the Wexford County Airport in Cadillac, Michigan. The Authority Board is composed of seven members, four of whom are appointed by Wexford County and three of whom are appointed by the City of Cadillac. A complete financial report for the component unit can be obtained from the following.

Wexford County Airport Authority
8040 W. 34 Rd.
Cadillac, Michigan 49601

Cadillac – Wexford Public Library – The Cadillac-Wexford Public Library provides library services to the Wexford County area from its facilities located in Cadillac. The Library is also responsible for operating the Tustin and Mesick Libraries, along with providing salaries and fringe benefits to the Manton Library. The Library Board consists of 10 members, four of whom are appointed by the City of Cadillac and six of whom are appointed by Wexford County. A complete financial report for the component unit can be obtained from the following:

Cadillac – Wexford Public Library
411 S. Lake St.
Cadillac, Michigan 49601

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Wexford County Road Commission – The Wexford County Road Commission is an independent governmental agency operated under the jurisdiction of the State of Michigan and Wexford County. The commission is charged with the responsibility of maintaining all primary and local road systems in Wexford County. A complete financial report for the component unit can be obtained from the following:

Wexford County Road Commission
85 W. M-115
Boon, Michigan 49618

B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable – Current or Property Taxes

The County of Wexford property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the County of Wexford as of the preceding December 31st.

Although the County of Wexford 2006 ad valorem tax is levied and collectible on December 1, 2006, and 2007 ad valorem tax is levied and collectible on July 1, 2007, it is the County of Wexford's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

The 2006 taxable valuation of the County of Wexford totaled \$908,740,439, on which ad valorem taxes levied consisted of 2.3051 mills for the County operating, .9500 mills for Public Safety, .3500 mills for Animal Control, and .9976 mills for Council on Aging, raising \$2,053,662 for operating, \$863,303 for Public Safety, \$318,059 for Animal Control, and \$361,315 for Council on Aging. These amounts are recognized in the respective General and Special Revenue Fund financial statements as taxes receivable – current or as tax revenue.

The June 1, 2007 taxable valuation of the County of Wexford totaled \$960,748,830, on which ad valorem taxes levied consisted of 6.7797 mills for the General Fund, this amount is recognized in the General Fund as revenue.

The County utilized \$1,809,033 of the County operating levy for the Revenue Sharing Reserve. This amount was 1/3 of the County's operating levy in 2004.

The County reports the following major governmental funds:***General Fund***

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Sharing Reserve

This fund was established to replace lost revenue sharing funds with County operating taxes.

Community Development Grant Program

This fund accounts for resources from HUD/MSHDA for the rehabilitation of lower income homes in the Wexford County area. Additional resources are received from loan paybacks that go back into the program for further home rehabilitation projects.

Council on Aging

This fund was established to collect and remit taxes levied to support programs and services to the elderly in Wexford County.

The County reports the following major proprietary funds:

Sanitary Landfill Fund

The Sanitary Landfill Fund is an Enterprise Fund operated by the Wexford County Department of Public Works. Located in Cedar Creek Township, the landfill is operated for the disposal of solid waste within Wexford County.

Unrestricted Treasurer's Fund

The Unrestricted Treasurer's Fund consists of the surplus accumulated through the collection, administration, and operation of each specific delinquent tax fund. Use of this fund is subject to guidelines set forth in Resolution 3-20, which was approved June 4, 2003 establishing the following priorities: (1) self-fund the delinquent tax distribution to various taxing units as opposed to borrowing, and (2) elimination of obligations for debt service where possible.

2006 Delinquent Tax Fund

The 2006 Delinquent Tax Fund was established to collect and receive the 2006 delinquent taxes along with the administration and operation of that specific tax year. The fund will be closed out after the reversion process has been completed.

Haring Township Water System Fund

The Haring Township water system fund accounts for the operations of the water system.

Internal Service Funds

These funds account for insurance services and DPW administration services as provided to other departments of the government on a cost reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***Agency Funds***

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for tax collections and refuse disposal. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D - Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds except for the delinquent tax funds are allocated to each fund based on month end cash balance. The pooled investment income for the Delinquent Tax Funds is generally allocated to each fund based on the average daily cash balance. Deposits are recorded at cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Contract Receivables – Contract receivables represent special assessment revenue due from of the County’s residents in association with debt that was issued to construct water and sewer systems for the residents.

Inventories and Prepaid Items – All inventories, including the cost of supplies, except for the Civic Center are expensed when purchased. Inventory for the Civic Center is recorded at cost on the first in/first out method. Expenditures for insurance and similar services are expensed when paid.

Restricted Assets – Restricted assets consist of a letter of credit and other funds set aside for landfill bonding and closing maintenance and monitoring (See Note 13).

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	60 years
Building Improvements	10 years
Vehicles	10 years
Office Equipment	8 years
Computer Equipment	8 years
Landfill Cells	Percentage Used

Compensated Absences (Vacation and Sick Leave) – It is the County’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A portion of the sick pay, depending on department, and all vacation pay is eligible to be paid out when employees separate from service with the County. The sick and vacation pay that is eligible to be paid out when employees separate from service with the County is accrued in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Deferred Revenues – Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the representative grants.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each September, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1 and lapses on December 31. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

- c. Prior to January 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund revenue budget was adopted on the basis of activities or programs financed by the General Fund.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the County's deposits were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Equivalents - Unrestricted	<u>\$ 7,779,166</u>	<u>\$ 5,829,501</u>	<u>\$ 13,608,667</u>	<u>\$ 591,924</u>	<u>\$ 2,253,112</u>
Total	<u>\$ 7,779,166</u>	<u>\$ 5,829,501</u>	<u>\$ 13,608,667</u>	<u>\$ 591,924</u>	<u>\$ 2,253,112</u>

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The breakdown between deposits is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 13,595,524	\$ 591,924	\$ 2,253,112
Petty Cash and Cash on Hand	<u>13,143</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,608,667</u>	<u>\$ 591,924</u>	<u>\$ 2,253,112</u>

	Fair Value	Less Than 1	1 – 5	6 – 10	More Than 10
Investments:					
U.S. Treasury	\$ 751,328	\$ 249,453	\$ 501,875	\$ -	\$ -
Municipal Bonds	1,100,000	-	1,100,000	-	-
Money Market	<u>1,754,868</u>	<u>1,754,868</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 3,606,196</u>	<u>\$ 2,004,321</u>	<u>\$ 1,601,875</u>	<u>\$ -</u>	<u>\$ -</u>

Government Activities:	
Unrestricted	\$ 501,875
Business Activities:	
Unrestricted	-
Restricted	<u>3,104,321</u>
Total	<u>\$ 3,606,196</u>

Investment and Deposit Risk

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

Custodial credit risk. Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$3,606,196 investments, \$0 is not in the name of the County. Credit quality ratings of public money funds were not available from the financial institutions or are unrated.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$17,672,656 of the County's bank balance of \$18,353,039 was exposed to credit risk because it was uninsured and uncollateralized. \$862,383 was uninsured and collateralized by the pledging financial institution.

As of year end, \$1,487,997 of the County's discretely comprised component units bank balance of \$2,318,476 was exposed to credit risk because it was uninsured and uncollateralized. \$0 was uninsured and collateralized by the pledging financial institution.

Statutory Authority:

Michigan Law (Public Act 20 of 1943 as amended) authorizes the County to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligation described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

FAIR VALUE OF INVESTMENT ACTIVITY

Security	Stated Value	Fair Value 12/31/06	Purchase (Sale)	Fair Value 12/31/07
Fed. Homeloan, int. 2%, due 07/21/08	\$ 250,000	\$ 245,703	\$ 3,348	\$ 249,453
Fed. Nat. Mtg., int. 5.5%, due 06/25/30	450,000	95,511	(66,767)	-
Fed. Homeloan, int. 5%, due 04/15/18	1,500,000	430,014	(368,767)	-
Govt. Nat. Mtg., int. 4.5%, due 04/16/27	200,000	198,296	(86,216)	-
Fed. Homeloan, int. 3.375% due 12/28/07	500,000	495,625	(499,845)	-

The County's deposits and investment policy are in accordance with statutory authority.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 78,562	\$ -	\$ -	\$ 78,562
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,509,545	-	-	8,509,545
Equipment and furniture	1,888,684	25,200	-	1,913,884
Vehicles	695,950	211,755	-	907,705
Subtotal	11,094,179	236,955	-	11,331,134
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(1,855,071)	(136,728)	-	(1,991,799)
Equipment and furniture	(1,149,515)	(175,196)	-	(1,324,711)
Vehicles	(403,489)	(75,700)	-	(479,189)
Subtotal	(3,408,075)	(387,624)	-	(3,795,699)
Net Capital Assets Being Depreciated	7,686,104	(150,669)	-	7,535,435
Governmental Activity Capital Total				
Capital Assets - Net of Depreciation	\$ 7,764,666	\$ (150,669)	\$ -	\$ 7,613,997

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 161,849
Public Safety	170,062
Recreation and Culture	<u>55,713</u>
Total Governmental Activities	<u>\$ 387,624</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases/ Adjustments</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 149,706	\$ -	\$ -	\$ 149,706
Subtotal	<u>149,706</u>	<u>-</u>	<u>-</u>	<u>149,706</u>
<i>Capital assets being depreciated:</i>				
Landfill cells	7,868,344	31,027	1,911,227	9,810,598
Site improvements	2,029,870	53,026	-	2,082,896
Buildings and improvements	727,308	-	-	727,308
Vehicles	485,859	-	-	485,859
Machinery and equipment	1,315,240	14,850	-	1,330,090
Furniture and Fixtures	74,040	-	-	74,040
Water distribution system	<u>2,294,603</u>	<u>-</u>	<u>-</u>	<u>2,294,603</u>
Subtotal	<u>14,795,264</u>	<u>98,903</u>	<u>1,911,227</u>	<u>16,805,394</u>
<i>Less accumulated depreciation for:</i>				
Landfill cells	(1,197,399)	(690,658)	(6,838,744)	(8,726,801)
Site improvements	(228,987)	(56,349)	-	(285,336)
Buildings and improvements	(89,111)	(24,504)	-	(113,615)
Vehicles	(439,199)	(12,164)	-	(451,363)
Machinery and equipment	(1,073,044)	(165,680)	-	(1,238,724)
Furniture and fixtures	(66,899)	(4,905)	-	(71,804)
Water distribution system	<u>(641,989)</u>	<u>(48,432)</u>	<u>-</u>	<u>(690,421)</u>
Subtotal	<u>(3,736,628)</u>	<u>(1,002,692)</u>	<u>(6,838,744)</u>	<u>(11,578,064)</u>
Net Capital Assets Being Depreciated	<u>11,058,636</u>	<u>(903,789)</u>	<u>(4,927,517)</u>	<u>5,227,330</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 11,208,342</u>	<u>\$ (903,789)</u>	<u>\$ (4,927,517)</u>	<u>\$ 5,377,036</u>

Business-type activities include Internal Service fund DPW capital assets.

NOTE 4 - CAPITAL ASSETS (Continued)

Business-type Activities:	
Landfill	\$ 921,300
Haring Township system	46,640
Internal Service, DPW Administration	11,541
Recycling	18,499
Aquatic Nuisance	447
Waste Water System #1 Lake Mitchell	1,433
Waste Water System #3 Haring Township	2,546
Waste Water System #4 Mesick	<u>286</u>
Total Governmental Activities	<u>\$ 1,002,692</u>

A summary of changes in the Transit Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	<u>\$ 46,225</u>	<u>\$ 310,128</u>	<u>\$ -</u>	<u>\$ 356,353</u>
<i>Capital assets being depreciated:</i>				
Buildings	982,355	-	-	982,355
Buses	1,429,531	191,214	(132,373)	1,488,372
Other vehicles	35,734	52,654	-	88,388
Bus and garage equipment	150,567	24,741	-	175,308
Office equipment	<u>70,712</u>	<u>6,993</u>	<u>(2,758)</u>	<u>74,947</u>
Total capital assets being depreciated	<u>2,668,899</u>	<u>275,602</u>	<u>(135,131)</u>	<u>2,809,370</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(550,788)	(49,219)	-	(600,007)
Buses	(1,128,883)	(123,865)	132,373	(1,120,375)
Other vehicles	(25,916)	(2,739)	-	(28,655)
Bus and garage equipment	(129,827)	(9,531)	-	(139,358)
Office equipment	<u>(54,781)</u>	<u>(6,016)</u>	<u>2,758</u>	<u>(58,039)</u>
Total accumulated depreciation	<u>(1,890,195)</u>	<u>(191,370)</u>	<u>135,131</u>	<u>(1,946,434)</u>
Total capital assets being depreciated	<u>778,704</u>	<u>84,232</u>	<u>-</u>	<u>862,936</u>
Business-type activities capital assets, net	<u>\$ 824,929</u>	<u>\$ 394,360</u>	<u>\$ -</u>	<u>\$ 1,219,289</u>

Depreciation expense was allocated entirely to Public Works.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the Airport Authority's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 125,000	\$ -	\$ -	\$ 125,000
Construction in progress	<u>-</u>	<u>42,437</u>	<u>-</u>	<u>42,437</u>
Total capital assets not being Depreciated	<u>125,000</u>	<u>42,437</u>	<u>-</u>	<u>167,437</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,438,036	21,873	-	1,459,909
Land improvement	2,693,672	-	-	2,693,672
Office equipment and furniture	8,722	-	-	8,722
Machinery and equipment	<u>257,466</u>	<u>-</u>	<u>-</u>	<u>257,466</u>
Total capital assets being depreciated	<u>4,397,896</u>	<u>21,873</u>	<u>-</u>	<u>4,419,769</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(674,934)	(44,557)	-	(719,491)
Land improvement	(1,766,212)	(133,510)	-	(1,899,722)
Office equipment and furniture	(8,163)	(467)	-	(8,630)
Machinery and equipment	<u>(230,731)</u>	<u>(8,084)</u>	<u>-</u>	<u>(238,815)</u>
Total accumulated depreciation	<u>(2,680,040)</u>	<u>(186,618)</u>	<u>-</u>	<u>(2,866,658)</u>
Total capital assets being depreciated	<u>1,717,856</u>	<u>(164,745)</u>	<u>-</u>	<u>1,553,111</u>
Governmental activities capital assets, net	<u>\$ 1,842,856</u>	<u>\$ (122,308)</u>	<u>\$ -</u>	<u>\$ 1,720,548</u>

Depreciation expense was allocated entirely to Public Works.

A summary of changes in the Library's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets being depreciated:</i>				
Books	\$ 2,221,680	\$ 87,634	\$ (13,609)	\$ 2,295,705
Furniture and fixtures	383,486	3,057	-	386,543
Equipment	148,950	51,540	(66,000)	134,490
Leasehold improvements	<u>120,589</u>	<u>88,292</u>	<u>-</u>	<u>208,881</u>
Subtotal	2,874,705	230,523	(79,609)	3,025,619
<i>Less Accumulated depreciation</i>	<u>(2,156,501)</u>	<u>(175,187)</u>	<u>50,236</u>	<u>(2,281,452)</u>
Net capital assets being depreciated	<u>\$ 718,204</u>	<u>\$ 55,336</u>	<u>\$ (29,373)</u>	<u>\$ 744,167</u>

Depreciation for the fiscal year ended December 31, 2007 amounted to \$175,187, which was entirely allocated to Recreation and Culture.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of changes in the Road Commission's capital assets follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements-infrastructure	\$ 7,557,174	\$ 165,274	\$ -	\$ 7,722,448
Land and improvements-other	<u>34,795</u>	<u>-</u>	<u>-</u>	<u>34,795</u>
Subtotal	<u>7,591,969</u>	<u>165,274</u>	<u>-</u>	<u>7,757,243</u>
<i>Capital assets being depreciated:</i>				
Land and improvements	177,637	-	-	177,637
Depletable assets	70,392	-	-	70,392
Buildings	2,444,091	-	-	2,444,091
Road equipment	6,741,757	593,088	(243,568)	7,091,277
Shop equipment	344,329	50,491	(4,259)	390,561
Office equipment	78,446	-	(10,256)	68,190
Engineers equipment	39,930	-	(7,887)	32,043
Infrastructure-bridges	3,991,197	-	-	3,991,197
Infrastructure-roads	<u>22,308,468</u>	<u>4,226,933</u>	<u>-</u>	<u>26,535,401</u>
Subtotal	<u>36,196,247</u>	<u>4,870,512</u>	<u>(265,970)</u>	<u>40,800,789</u>
<i>Less accumulated depreciation for:</i>				
Land and improvements	(111,459)	(5,966)	-	(117,425)
Depletable assets	(60,518)	-	-	(60,518)
Buildings	(1,219,609)	(70,377)	-	(1,289,986)
Road equipment	(5,435,298)	(597,323)	243,568	(5,789,053)
Shop equipment	(294,287)	(15,379)	4,259	(305,407)
Office equipment	(64,997)	(4,884)	10,256	(59,625)
Engineers equipment	(36,845)	(1,776)	7,887	(30,734)
Infrastructure-bridges	(1,230,235)	(102,861)	-	(1,333,096)
Infrastructure-roads	<u>(10,424,813)</u>	<u>(1,338,206)</u>	<u>-</u>	<u>(11,763,019)</u>
Subtotal	<u>(18,878,061)</u>	<u>(2,136,772)</u>	<u>265,970</u>	<u>(20,748,863)</u>
Net capital assets being depreciated	<u>17,318,186</u>	<u>2,733,740</u>	<u>-</u>	<u>20,051,926</u>
Total net capital assets	<u>\$ 24,910,155</u>	<u>\$ 2,899,014</u>	<u>\$ -</u>	<u>\$ 27,809,169</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense for the year was charged to programs of the Wexford County Road Commission as follows:

Public Works:		
Primary Road:		
Preservation	\$	6,918
Maintenance		98,809
Local Road:		
Preservation		4,718
Maintenance		409,896
State Trunkline:		
Maintenance		165,145
Administrative		10,219
Infrastructure – Bridges		102,861
Infrastructure – Roads		<u>1,338,206</u>
Total Depreciation Expense	\$	<u>2,136,772</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Wexford reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds, proprietary funds, and fiduciary funds.

		ADVANCES TO OTHER FUNDS	
ADVANCES FROM OTHER FUND		Unrestricted	
		Treasurers	
		Fund	
	2006 Delinquent Tax Fund	\$	3,000,000
	Nonmajor Enterprise Fund		<u>200,000</u>
	Total	\$	<u>3,200,000</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payment between funds are made.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

Interfund Transfers

		TRANSFERS (OUT)					
TRANSFERS IN		General Fund	Revenue Sharing Fund	Unrestricted Treasurers	Nonmajor Enterprise Funds	Nonmajor Governmental Funds	Total
	General Fund	\$ -	\$ 596,523	\$ 61,564	\$ -	\$ 921,367	\$ 1,579,454
	Unrestricted Treasurer's Fund	-	-	-	1,192,349	-	1,192,349
	Landfill	-	-	750,000	-	-	750,000
	Nonmajor Enterprise Funds	-	-	218	-	-	218
	Nonmajor Governmental Funds	<u>1,458,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,458,638</u>
	Total	<u>\$ 1,458,638</u>	<u>\$ 596,523</u>	<u>\$ 811,782</u>	<u>\$ 1,192,349</u>	<u>\$ 921,367</u>	<u>\$ 4,980,659</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LEASES

Capital Leases – The County leases vehicles and equipment under capital leases with yearly lease payments ranging from \$2,374 to \$16,800, including interest rates ranging from 4.00% to 6.95%. The leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present values are as follows:

2008	398,935
2009	104,864
2010	46,071
2011	46,071
2012	<u>34,554</u>
Total minimum lease payments	630,495
Less amount representing interest	<u>(33,677)</u>
Present value of minimum lease payment	<u>\$ 596,818</u>

NOTE 7 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Increases/ Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Series 2002 Building Authority Bonds	4.75% - 7.75%	2010	\$ 4,475,000	\$ (4,190,000)	\$ 285,000	\$ 90,000
Series 1995A, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	261,000	(9,000)	252,000	9,000
Series 1995B, Sanitary Sewer, Special Assessment Bond, (Village of Mesick Project)	4.50%	2025	145,000	(5,000)	140,000	5,000
Series 1996, Water Supply System, Special Assessment Bond (Haring Charter Township)	5.3% - 7.4%	2016	175,000	(15,000)	160,000	15,000
Series 2007, Limited Tax Obligation Bonds	4.0% - 4.3%	2032	-	4,365,000	4,365,000	50,000
Total Governmental Activities			<u>\$ 5,056,000</u>	<u>\$ 146,000</u>	<u>\$ 5,202,000</u>	<u>\$ 169,000</u>
Business-Type Activities						
Series 1996 Water Supply System Bond (Haring Charter Township)	5.6%-7.4%	2026	<u>665,000</u>	<u>(20,000)</u>	<u>645,000</u>	<u>20,000</u>
Total Business-Type Activities			<u>\$ 665,000</u>	<u>\$ (20,000)</u>	<u>\$ 645,000</u>	<u>\$ 20,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	169,000	179,523	20,000	39,185
2009	150,000	214,436	20,000	38,065
2010	156,000	204,328	20,000	36,925
2011	162,000	195,748	25,000	35,775
2012	172,000	188,812	25,000	34,325
2013-2017	875,000	831,846	140,000	148,512
2018-2022	979,000	641,354	195,000	99,984
2023-2027	1,164,000	416,837	200,000	32,166
2028-2032	<u>1,375,000</u>	<u>153,362</u>	-	-
Total	<u>\$ 5,202,000</u>	<u>\$ 3,026,246</u>	<u>\$ 645,000</u>	<u>\$ 464,937</u>

NOTE 7 - LONG-TERM DEBT (Continued)

Advance Refunding

During 2007, the County advance refunded 2002 building authority bonds with a separate general obligation refunding. The government issued \$4,365,000 of general obligation refunding bonds to provide resources to purchase state and local government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next twenty-four years by \$170,543 and to obtain an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$111,616.

A summary of vested benefits payable at December 31, 2007 is as follows:

	<u>01/01/07</u>	<u>Decreases (net)</u>	<u>12/31/07</u>
Vacation	\$ 229,576	\$ (17,154)	\$ 212,422
Sick	<u>101,096</u>	<u>(2,790)</u>	<u>98,306</u>
Total	<u>\$ 330,672</u>	<u>\$ (19,944)</u>	<u>\$ 310,728</u>

Component Units – Long-term debt of the component units consists of a note payable for \$300,000, maturing through July 2010, and bearing interest at rates ranging from 0 percent to 10.43 percent. Of this amount, \$100,000 is due within one year.

NOTE 8 - RISK MANAGEMENT

Risk Management – The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

NOTE 9 - CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2007.

In the normal course of its operations, Wexford County often becomes a party to various claims and lawsuits. In the opinion of management and legal counsel, if any of these claims should result in an unfavorable resolution, the liability would be limited to its deductible under insurance policies. The insurer would pay the losses and there should be no material effect on the financial position of the County.

Landfill

In 2002 with 6 years of site life remaining, groundwater contamination was identified beyond the site's RAP monitoring well network to the north; eliminating the possibility of expansion until the site received an approved modified RAP from the MDEQ addressing the new contamination plume. Therefore, the expansion of the facility (planned for 2004/2005) was postponed until delineation and remediation of the contamination plume was completed.

A final RAP has been accepted by the MDEQ in the amount of \$4,040,092. The selected remedy is installation of public water supply (PWS) to impacted residents of Cedar Creek Township north of the landfill. The Department of Public Works (DPW) has submitted a Drinking Water Revolving Fund Project Plan in an effort to determine the DPW's eligibility for a \$16.9 million low-interest loan to cover the cost of the PWS, design costs and preliminary costs associated with planning and investigation for the PWS.

Litigation was initiated against the County in September of 2006 alleging ground water contamination caused by the County Sanitary Landfill. It is premature to give any definitive assessment of any potential loss associated with this case.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**Description of Plan and Plan Assets**

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2007.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

The contribution rate as a percentage of payroll at December 31, 2007 is as follows:

Command Officers	15.66%
Sheriff – 312	12.87%
Court Employees	12.79%
DPW Landfill	11.98%
Technical and Professional	11.01%
Sheriff – Non-312	11.01%
Non-Union	7.87%
General	6.78%

Annual Pension Cost

During the year ended December 31, 2007, the County's contributions totaling \$578,410 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2006. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 30 years.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Three year trend information as of December 31, 2007 follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Actuarial Value of Assets	\$ 11,710,754	\$ 12,599,042	\$ 13,763,241
Actuarial Accrued Liability	16,235,050	17,366,827	18,880,588
Unfunded AAL	4,524,296	4,767,785	5,117,347
Funded Ratio	72%	73%	73%
Covered Payroll	5,217,560	5,255,017	5,508,454
UAAL as a Percentage of Covered Payroll	87%	91%	93%

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2005	\$ 529,189	100%	\$ 0
2006	583,337	100%	0
2007	578,410	100%	0

ROAD COMMISSION

Description of Plan and Plan Assets

The Road Commission has an agent, multi-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty – connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25 percent times the final compensation (FAC), with a maximum benefit of 80% FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2006.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 220 of Public Acts of 1996, as amended, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road commission's competitive bargaining unit and personnel policy, which requires non-administrative employees to contribute to the plan at a rate of 2% and administrative employees to contribute at a rate of 2%. The Road Commission is required to contribute at an actuarially determined rate; the current rate was 18.15% and 26.01% for non-administrative and administrative employees, respectfully.

Annual Pension Cost

During the fiscal year ended December 31, 2007, the Road Commission's contributions totaling \$323,804 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2005. The employer contribution rate has been determined based on the entry age normal cost method. Under the entry age normal cost method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

	2004	2005	2006
Actuarial Value of Assets	\$ 6,092,059	\$ 6,261,397	\$ 6,570,833
Actuarial Accrued Liability	9,026,952	9,466,122	9,977,111
Unfunded AAL	2,934,893	3,204,725	3,406,278
Funded Ratio	67%	66%	66%
Covered Payroll	1,579,967	1,622,748	1,585,172
UAAL as a Percentage of Covered Payroll	186%	197%	215%

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2005	\$ 313,542	100%	\$ 0
2006	326,646	100%	0
2007	323,804	100%	0

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

CADILLAC – WEXFORD PUBLIC LIBRARY

The Cadillac – Wexford Public Library participates in the agent multiple-employer Michigan Municipal Employees Retirement System (the “System”) through the City of Cadillac. Separate information on pension funding for the Library’s employees is not available. Complete pension disclosure for the Plan may be obtained from the City of Cadillac’s comprehensive annual financial report.

NOTE 11 - POST EMPLOYMENT BENEFITS

The County provides health care, prescription, and dental benefits to all full-time employees upon retirement. Currently, 30 retirees are eligible. The County includes pre-Medicare retirees and their dependents in its insured health care plan. The County charges the retirees a monthly fee to participate. During the year ended December 31, 2007 the County paid out approximately \$100,000 more in claims than received from retirees.

NOTE 12 - RESTRICTED NET ASSETS

The net assets of the governmental activities have been restricted for the following purposes:

	<u>Governmental Activities</u>
Public safety	\$ 117,868
Grants and contributions	363,287
Animal control	434,376
Court building activities	4,388
911 wireless activities	354,521
Building inspection	21,086
Register of deeds technology	13,608
Debt service	298,840
Revenue Sharing	<u>3,594,849</u>
Total restricted net assets	<u>\$ 5,202,823</u>

NOTE 13 - RESTRICTED ASSETS

The County’s restricted assets are comprised of the following:

Investments restricted for perpetual care and lines of credit required by remedial action plan	<u>\$ 3,471,217</u>
Total restricted assets	<u>\$ 3,471,217</u>

NOTE 13 - RESTRICTED ASSETS (Continued)

The investments restricted for perpetual care consist of funds set aside for closure, monitoring, and maintenance of the landfill and for response activity necessitated by potential contamination discharge from the landfill. Restricted assets are intended to pay for closure and postclosure costs. The liability associated with these costs is larger than the amount of restricted assets; therefore, net assets have not been restricted.

The operator of the landfill is required to designate a custodian of the fund and deposit amounts into the fund based on the volume and the type of material deposited in the landfill. The custodian is not to disburse any amount of the fund to the operator of the landfill without the approval of the director of the Department of Natural Resources. Thirty years after the closure of the landfill, 50 percent of any money in the Perpetual Care Fund may be returned to the operator.

To comply with this act, the landfill contracted with the director of the Department of Natural Resources to establish a Perpetual Care Fund with the Bank of New York as the designated custodian. The landfill has begun to make the required deposits into a separate savings account and will continue to do so until the contract with the Department of Natural Resources is completed. The perpetual care fund balance at December 31, 2007 was \$1,471,217. \$2,000,000 is restricted for lines of credit until funding is secured for the water system required by the remedial action plan.

Landfill – Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$9,139,388 reported as landfill closure and postclosure care liability at December 31, 2007 represents the cumulative amount reported to date based on the use of approximately 79 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of approximately \$2,371,612 as the remaining estimated capacity is filled. The estimated remaining life of the landfill based on current consumption of the permitted capacity is 9 years.

These amounts are based on what it would cost to perform all closure and postclosure care in current dollars. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The County expects that future costs, including inflation and changes in technology or applicable laws and regulation, will be paid from cash and investments maintained in the Sanitary Landfill Enterprise, as well as charges to future landfill users.

NOTE 14 - DEFERRED REVENUE

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Property taxes for subsequent year	\$ -	\$ 2,223,785
Community development program income	1,174,556	-
Special assessments	<u>305,637</u>	<u>-</u>
Total	<u>\$ 1,480,193</u>	<u>\$ 2,223,785</u>

NOTE 15 - SEGMENT INFORMATION – ENTERPRISE FUND

Segment information for the year ended December 31, 2007 is as follows:

	<u>Haring Township Water System</u>
Nonoperating revenue (expense)	\$ (8,401)
Operating income (loss)	(4,541)
Changes in net assets	(12,942)
Operating revenues	198,720
Operating expenses	203,261
Depreciation	46,640
Total assets	2,223,557
Current liabilities	32,590
Long-term debt payable	625,000
Beginning net assets	1,578,909
Ending net assets	1,565,967
Cash provided by:	
Operating activities	44,121
Capital financing	(60,410)
Investing	32,009
Beginning cash	581,938
Ending cash	597,658

NOTE 16 - DEFICIT FUND EQUITY BALANCE

As of December 31, 2007 the Landfill has deficit net assets of the following fund:

Landfill	\$ (1,942,963)
----------	----------------

The County plans to reduce the deficit by making an operating transfer of \$250,000 in 2008 and additional transfers up to \$250,000 for the years 2009 through 2011 if necessary. The County is also attempting to amend its solid waste management plan to accept out of county waste in hopes that additional revenues will help reduce the deficit. The County is also considering sale or closure of the landfill.

NOTE 17 - PRIOR PERIOD ADJUSTMENT

In 2007, beginning net assets of the Landfill were adjusted for the effects of the following:

Beginning Net Assets	\$ 3,791,248
Cells B & C not recorded as capital assets	1,911,227
In order to conform with depreciation methods used by similar landfill operations, the landfill cells are depreciated based on capacity used.	<u>(6,838,744)</u>
Beginning Net Assets Restated	<u>\$ (1,136,269)</u>

NOTE 18 - SUBSEQUENT EVENTS

In March 2008, the County incurred Capital Improvement Bonds in the amount of \$1,255,000 for the construction of phase 2 of Cell G.

Required Supplementary Information

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 6,492,214	\$ 6,492,214	\$ 6,931,981	\$ 439,767
Licenses & Permits	2,800	2,800	10,347	7,547
Intergovernmental Revenue:				
Federal	538,619	713,109	642,360	(70,749)
State	830,160	835,160	735,167	(99,993)
Local Units	8,000	8,000	8,062	62
Charges for Services	1,196,705	1,198,705	1,159,842	(38,863)
Fines & Forfeitures	45,300	45,300	46,592	1,292
Interest & Rents	107,943	107,943	141,393	33,450
Other Revenue	719,550	576,550	643,890	67,340
TOTAL REVENUES	9,941,291	9,979,781	10,319,634	339,853
EXPENDITURES:				
Legislative:				
Board of Commissioners	53,311	54,011	51,647	2,364
Judicial:				
Circuit Court	284,669	277,418	249,440	27,978
District Court	594,575	588,980	565,998	22,982
Friend of the Court	685,397	679,100	654,866	24,234
Jury Commission	4,200	4,200	2,559	1,641
Probate Court	544,072	550,482	533,392	17,090
Probation and Parole	17,210	17,210	13,941	3,269
Circuit Court Family Counsel	53,602	53,917	53,659	258
Public Defender	244,276	245,880	244,188	1,692
Total Judicial	2,428,001	2,417,187	2,318,043	99,144
General Government:				
Administrative	150,815	148,901	142,986	5,915
Elections	10,600	17,600	15,953	1,647
General Accounting Office	159,548	158,567	154,017	4,550
County Clerk	230,104	229,177	221,527	7,650
Equalization	343,209	340,103	337,929	2,174
Prosecuting Attorney	429,050	425,205	404,208	20,997
Register of Deeds	196,098	194,668	186,594	8,074
State Survey - Remonumentation	71,678	71,678	71,678	-
County Treasurer	284,909	280,578	248,421	32,157
Cooperative Extension	93,626	91,538	75,676	15,862
County Building & Grounds	515,393	522,258	496,419	25,839
Drain Commission	25,881	32,748	29,845	2,903
General Services Administration	503,529	509,808	491,368	18,440
Total General Government	3,014,440	3,022,829	2,876,621	146,208

Required Supplementary Information Budgetary Comparison Schedule General Fund For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Public Safety:				
Sheriff	1,730,098	1,756,969	1,737,339	19,630
School Liaison	68,025	69,508	68,910	598
Secondary Road	108,428	110,374	104,295	6,079
Communications/Dispatch	620,027	625,362	600,057	25,305
Marine	20,836	18,059	17,519	540
Federal Forest	3,500	3,498	3,490	8
Snowmobile	20,641	20,049	19,163	886
ORV Grant	13,602	14,683	14,297	386
Jail	1,535,822	1,734,114	1,724,016	10,098
Emergency Management	35,102	55,996	51,529	4,467
Total Public Safety	4,156,081	4,408,612	4,340,615	67,997
Health & Welfare:				
District Health Department	30,310	30,310	28,687	1,623
Contagious Diseases	1,000	760	81	679
Medical Examiner	70,000	75,182	75,182	-
Veterans Burial and Foundations	20,000	16,623	15,900	723
Total Health & Welfare	121,310	122,875	119,850	3,025
Community & Economic Development				
Planning & Zoning	80,217	65,264	57,088	8,176
Other Expenditures:				
Contingencies	-	3,217	-	3,217
Appropriations	572,666	571,110	499,517	71,593
Total Other Expenditures	572,666	574,327	499,517	74,810
TOTAL EXPENDITURES	10,426,026	10,665,105	10,263,381	401,724
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(484,735)	(685,324)	56,253	741,577
Other Financing Sources (Uses):				
Operating Transfers In	1,577,523	1,579,824	1,579,454	(370)
Operating Transfers Out	(1,092,788)	(1,598,743)	(1,458,638)	140,105
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (704,243)	177,069	\$ 881,312
FUND BALANCE, JANUARY 1			2,206,678	
FUND BALANCE, DECEMBER 31			\$ 2,383,747	

Required Supplementary Information
Budgetary Comparison Schedule
Revenue Sharing Reserve Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 2,000,000	\$ 2,000,000	\$ -	\$ (2,000,000)
Interest & Rentals	-	-	99,769	99,769
 TOTAL REVENUES	 2,000,000	 2,000,000	 99,769	 (1,900,231)
 OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(594,222)	(596,523)	(596,523)	-
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 \$ 1,405,778	 \$ 1,403,477	 (496,754)	 \$ (1,900,231)
 FUND BALANCE, JANUARY 1			4,091,603	
 FUND BALANCE, DECEMBER 31			\$ 3,594,849	

Required Supplementary Information
Budgetary Comparison Schedule
Community Development Grant Program
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
REVENUES:				
Federal Sources	\$ 200,000	\$ 200,000	\$ 160,473	\$ (39,527)
Interest & Rentals	500	500	1,195	695
Other Revenue	10,000	10,000	45,472	35,472
 TOTAL REVENUES	 210,500	 210,500	 207,140	 (3,360)
 EXPENDITURES:				
Community & Economic Development	210,500	210,500	187,056	23,444
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ -	 \$ -	 20,084	 \$ 20,084
 FUND BALANCE, JANUARY 1			 17,099	
 FUND BALANCE, DECEMBER 31			 \$ 37,183	

Required Supplementary Information
Budgetary Comparison Schedule
Council on Aging
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 900,000	\$ 936,000	\$ 918,677	\$ (17,323)
Interest & Rentals	10,000	10,000	15,442	5,442
 TOTAL REVENUES	 910,000	 946,000	 934,119	 (11,881)
 EXPENDITURES:				
Health & Welfare	910,000	946,000	936,424	9,576
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 \$ -	 \$ -	 (2,305)	 \$ (2,305)
 FUND BALANCE, JANUARY 1			 75,198	
 FUND BALANCE, DECEMBER 31			 \$ 72,893	

Other Supplementary Information

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2007

	Special Revenue Funds						
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection
ASSETS:							
Cash & Equivalents - Unrestricted	\$ 117,868	\$ 17,788	\$ 847	\$ 443,621	\$ 7,843	\$ 66,429	\$ 26,770
Accounts Receivable	-	6,696	-	-	-	-	-
Taxes Receivable	919,432	-	-	338,737	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	30,000	-
Prepaid Expenditure	-	4,083	-	-	-	-	-
Inventories	-	3,839	-	-	-	-	-
TOTAL ASSETS	\$ 1,037,300	\$ 32,406	\$ 847	\$ 782,358	\$ 7,843	\$ 96,429	\$ 26,770
LIABILITIES:							
Accounts Payable	\$ -	\$ 2,286	\$ -	\$ 3,906	\$ 1,835	\$ 790	\$ 318
Due to Governmental Units	-	-	-	-	-	-	-
Accrued Liabilities	-	4,287	-	5,339	1,620	-	5,366
Deferred Revenue	919,432	-	-	338,737	-	-	-
TOTAL LIABILITIES	919,432	6,573	-	347,982	3,455	790	5,684
FUND BALANCES:							
Unreserved							
Undesignated	117,868	25,833	847	434,376	4,388	95,639	21,086
TOTAL FUND BALANCES	117,868	25,833	847	434,376	4,388	95,639	21,086
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,037,300	\$ 32,406	\$ 847	\$ 782,358	\$ 7,843	\$ 96,429	\$ 26,770

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2007

	Special Revenue Funds						
	Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Michigan Justice Training
ASSETS:							
Cash & Equivalents - Unrestricted	\$ 8,736	\$ 16,683	\$ 212,411	\$ 339,353	\$ 12	\$ 1,539	\$ 5,540
Accounts Receivable	-	-	-	28,780	-	-	-
Taxes Receivable	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-
Due from Governmental Units	-	-	16,075	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,736</u>	<u>\$ 16,683</u>	<u>\$ 228,486</u>	<u>\$ 368,133</u>	<u>\$ 12</u>	<u>\$ 1,539</u>	<u>\$ 5,540</u>
LIABILITIES:							
Accounts Payable	\$ -	\$ 3,075	\$ 2,296	\$ 13,612	\$ -	\$ 1,469	\$ -
Due to Governmental Units	-	-	-	-	-	-	-
Accrued Liabilities	-	-	5,306	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>3,075</u>	<u>7,602</u>	<u>13,612</u>	<u>-</u>	<u>1,469</u>	<u>-</u>
FUND BALANCES:							
Unreserved							
Undesignated	<u>8,736</u>	<u>13,608</u>	<u>220,884</u>	<u>354,521</u>	<u>12</u>	<u>70</u>	<u>5,540</u>
TOTAL FUND BALANCES	<u>8,736</u>	<u>13,608</u>	<u>220,884</u>	<u>354,521</u>	<u>12</u>	<u>70</u>	<u>5,540</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,736</u>	<u>\$ 16,683</u>	<u>\$ 228,486</u>	<u>\$ 368,133</u>	<u>\$ 12</u>	<u>\$ 1,539</u>	<u>\$ 5,540</u>

County of Wexford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2007

	Special Revenues					Debt Service Funds	
	Department of Human Services	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Courthouse Expansion	Mesick Project
ASSETS:							
Cash & Equivalents - Unrestricted	\$ 285,943	\$ 6,378	\$ 101,074	\$ 4,923	\$ 5,337	\$ 2,900	\$ 275,978
Accounts Receivable	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	189,227
Due from Governmental Units	-	1,988	-	-	-	-	-
Prepaid Expenditure	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 285,943</u>	<u>\$ 8,366</u>	<u>\$ 101,074</u>	<u>\$ 4,923</u>	<u>\$ 5,337</u>	<u>\$ 2,900</u>	<u>\$ 465,205</u>
LIABILITIES:							
Accounts Payable	\$ -	\$ 531	\$ -	\$ -	\$ -	\$ 200	\$ -
Due to Governmental Units	160,000	-	23,878	-	-	-	-
Accrued Liabilities	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	189,227
TOTAL LIABILITIES	<u>160,000</u>	<u>531</u>	<u>23,878</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>189,227</u>
FUND BALANCES:							
Unreserved							
Undesignated	<u>125,943</u>	<u>7,835</u>	<u>77,196</u>	<u>4,923</u>	<u>5,337</u>	<u>2,700</u>	<u>275,978</u>
TOTAL FUND BALANCES	<u>125,943</u>	<u>7,835</u>	<u>77,196</u>	<u>4,923</u>	<u>5,337</u>	<u>2,700</u>	<u>275,978</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 285,943</u>	<u>\$ 8,366</u>	<u>\$ 101,074</u>	<u>\$ 4,923</u>	<u>\$ 5,337</u>	<u>\$ 2,900</u>	<u>\$ 465,205</u>

	Debt Service Funds		
	Haring Twp Water System	DPW #3 Haring Twp	Totals
ASSETS:			
Cash & Equivalents - Unrestricted	\$ 20,162	\$ -	\$ 1,968,135
Accounts Receivable	-	-	35,476
Taxes Receivable	-	-	1,258,169
Special Assessments Receivable	116,410	-	305,637
Due from Governmental Units	-	-	48,063
Prepaid Expenditure	-	-	4,083
Inventories	-	-	3,839
TOTAL ASSETS	\$ 136,572	\$ -	\$ 3,623,402
LIABILITIES:			
Accounts Payable	\$ -	\$ -	\$ 30,318
Due to Governmental Units	-	-	183,878
Accrued Liabilities	-	-	21,918
Deferred Revenue	116,410	-	1,563,806
TOTAL LIABILITIES	116,410	-	1,799,920
FUND BALANCES:			
Unreserved			
Undesignated	20,162	-	1,823,482
TOTAL FUND BALANCES	20,162	-	1,823,482
TOTAL LIABILITIES AND FUND BALANCES	\$ 136,572	\$ -	\$ 3,623,402

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2007

	Special Revenue Funds						
	Public Safety	Civic Center	Friend of the Court	Animal Control	Court Security	Public Improvement	Building Inspection
REVENUES:							
Taxes	\$ 963,358	\$ -	\$ -	\$ 354,706	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	5,455	-	-	-
Intergovernmental Revenue:							
Federal Sources	-	-	-	-	-	-	-
State Sources	-	-	13,829	-	-	300,000	-
Local Sources	-	-	9,689	-	-	-	-
Charges for Services	-	315,533	-	12,140	58,477	-	224,306
Interest & Rentals	11,136	785	587	20,561	88	-	530
Other Revenue	-	-	-	-	-	66,794	-
TOTAL REVENUES	974,494	316,318	24,105	392,862	58,565	366,794	224,836
EXPENDITURES:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	243,294	82,171	-	212,339
Health and Welfare	-	-	-	-	-	-	-
Recreation and Culture	-	371,207	-	-	-	-	-
Capital Outlay	-	-	-	25,086	-	845,570	-
Debt Service	-	46,071	-	-	-	-	-
Other Expenditures	1,027	-	-	-	-	-	-
TOTAL EXPENDITURES	1,027	417,278	-	268,380	82,171	845,570	212,339
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	973,467	(100,960)	24,105	124,482	(23,606)	(478,776)	12,497
OTHER FINANCING SOURCES (USES):							
Lease Proceeds	-	-	-	-	-	190,279	-
Operating Transfers In	-	98,000	-	-	20,000	383,750	-
Operating Transfers Out	(863,000)	-	(25,000)	(16,600)	-	(12,137)	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-
Bond Refunding Cost	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	110,467	(2,960)	(895)	107,882	(3,606)	83,116	12,497
FUND BALANCES, JANUARY 1	7,401	28,793	1,742	326,494	7,994	12,523	8,589
FUND BALANCES, DECEMBER 31	\$ 117,868	\$ 25,833	\$ 847	\$ 434,376	\$ 4,388	\$ 95,639	\$ 21,086

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2007

	Special Revenue Funds						
	Homestead Audit	Register of Deeds Automation	Community Alternative Program	911 Wireless	Family Counseling Service	Law Library	Michigan Justice Training
REVENUES:							
Taxes	\$ 2,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	-
Licenses & Permits	-	-	-	-	3,735	-	-
Intergovernmental Revenue:							
Federal Sources	-	-	61,290	-	-	-	-
State Sources	-	-	65,223	128,306	-	-	5,512
Local Sources	-	-	-	-	-	-	-
Charges for Services	-	41,995	-	-	-	-	-
Interest & Rentals	341	564	9,086	15,401	141	-	-
Other Revenue	-	-	156,893	-	-	3,500	-
TOTAL REVENUES	3,222	42,559	292,492	143,707	3,876	3,500	5,512
EXPENDITURES:							
General Government	362	39,423	-	-	-	21,554	-
Public Safety	-	-	287,025	5,682	-	-	6,789
Health and Welfare	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-
Capital Outlay	-	-	-	115,807	-	-	-
Debt Service	-	-	-	-	-	-	-
Other Expenditures	-	-	-	-	-	-	-
TOTAL EXPENDITURES	362	39,423	287,025	121,489	-	21,554	6,789
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,860	3,136	5,467	22,218	3,876	(18,054)	(1,277)
OTHER FINANCING SOURCES (USES):							
Lease Proceeds	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	17,500	-
Operating Transfers Out	-	-	-	-	(4,630)	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	-	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	-	-
Bond Refunding Cost	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,860	3,136	5,467	22,218	(754)	(554)	(1,277)
FUND BALANCES, JANUARY 1	5,876	10,472	215,417	332,303	766	624	6,817
FUND BALANCES, DECEMBER 31	\$ 8,736	\$ 13,608	\$ 220,884	\$ 354,521	\$ 12	\$ 70	\$ 5,540

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2007

	Special Revenue Funds					Debt Service Funds	
	Department of Human Services	Juvenile Justice	Child Care	Soldiers & Sailors Relief	Veterans Trust	Courthouse Expansion	Mesick Project
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessments	-	-	-	-	-	-	36,791
Licenses & Permits	-	-	-	-	-	-	-
Intergovernmental Revenue:							
Federal Sources	-	-	-	-	-	-	-
State Sources	1,074,613	9,439	169,065	-	13,760	-	-
Local Sources	-	-	59,167	-	-	-	-
Charges for Services	-	-	999	-	-	-	-
Interest & Rentals	8,830	-	4,614	-	-	-	12,119
Other Revenue	-	-	-	-	-	-	-
TOTAL REVENUES	1,083,443	9,439	233,845	-	13,760	-	48,910
EXPENDITURES:							
General Government	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Health and Welfare	1,069,258	9,439	847,117	16,587	9,436	-	-
Recreation and Culture	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	320,883	31,955
Other Expenditures	-	-	-	-	-	975	-
TOTAL EXPENDITURES	1,069,258	9,439	847,117	16,587	9,436	321,858	31,955
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14,185	-	(613,272)	(16,587)	4,324	(321,858)	16,955
OTHER FINANCING SOURCES (USES):							
Lease Proceeds	-	-	-	-	-	-	-
Operating Transfers In	5,000	-	619,400	12,000	-	302,988	-
Operating Transfers Out	-	-	-	-	-	-	-
Proceeds of Refunding Bonds	-	-	-	-	-	4,365,000	-
Payment to Refunded Bond Escrow Agent	-	-	-	-	-	(4,100,000)	-
Bond Refunding Cost	-	-	-	-	-	(265,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	19,185	-	6,128	(4,587)	4,324	(18,870)	16,955
FUND BALANCES, JANUARY 1	106,758	7,835	71,068	9,510	1,013	21,570	259,023
FUND BALANCES, DECEMBER 31	\$ 125,943	\$ 7,835	\$ 77,196	\$ 4,923	\$ 5,337	\$ 2,700	\$ 275,978

County of Wexford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2007

	Debt Service Funds		
	Haring Twp		
	Water	DPW #3	
	System	Haring Twp	Totals
REVENUES:			
Taxes	\$ -	\$ -	\$ 1,320,945
Special Assessments	24,721	-	61,512
Licenses & Permits	-	-	9,190
Intergovernmental Revenue:			
Federal Sources	-	-	61,290
State Sources	-	-	1,779,747
Local Sources	-	-	68,856
Charges for Services	-	-	653,450
Interest & Rentals	1,474	-	86,257
Other Revenue	-	-	227,187
TOTAL REVENUES	26,195	-	4,268,434
EXPENDITURES:			
General Government	-	-	61,339
Public Safety	-	-	837,300
Health and Welfare	-	-	1,951,837
Recreation and Culture	-	-	371,207
Capital Outlay	-	-	986,463
Debt Service	25,187	-	424,096
Other Expenditures	725	-	2,727
TOTAL EXPENDITURES	25,912	-	4,634,969
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	283	-	(366,535)
OTHER FINANCING SOURCES (USES):			
Lease Proceeds	-	-	190,279
Operating Transfers In	-	-	1,458,638
Operating Transfers Out	-	-	(921,367)
Proceeds of Refunding Bonds	-	-	4,365,000
Payment to Refunded Bond Escrow Agent	-	-	(4,100,000)
Bond Refunding Cost	-	-	(265,000)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	283	-	361,015
FUND BALANCES, JANUARY 1	19,879	-	1,462,467
FUND BALANCES, DECEMBER 31	\$ 20,162	\$ -	\$ 1,823,482

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2007**

	Self- Insurance	DPW Administration	Total
ASSETS:			
Cash & Investments	\$ 683,358	\$ 132,612	\$ 815,970
Accounts Receivable	4,961	-	4,961
Prepaid Premiums	70,380	-	70,380
Capital Assets (Net of Depreciation)	-	34,627	34,627
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 758,699	\$ 167,239	\$ 925,938
	<hr/>	<hr/>	<hr/>
LIABILITIES:			
Accounts Payable	\$ 26,361	\$ 7,049	\$ 33,410
Accrued Liabilities	-	3,299	3,299
Capital Leases	-	18,180	18,180
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	26,361	28,528	54,889
	<hr/>	<hr/>	<hr/>
NET ASSETS:			
Invested in Capital Assets (net of related debt)	-	16,447	16,447
Unrestricted	732,338	122,264	854,602
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	732,338	138,711	871,049
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 758,699	\$ 167,239	\$ 925,938
	<hr/>	<hr/>	<hr/>

**Combining Statement of Revenues, Expenses, and
Changes in Net Assets - Internal Service Fund
For the Year Ended December 31, 2007**

	Self- Insurance	DPW Administration	Total
OPERATING REVENUES:			
Charges for Services	\$ -	\$ 378,036	\$ 378,036
Premiums - Health Insurance	1,503,728	-	1,503,728
Other Revenue	6,816	-	6,816
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING REVENUES	1,510,544	378,036	1,888,580
	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES:			
Salaries & Benefits	-	195,276	195,276
Supplies	-	15,061	15,061
Administrative	76,046	-	76,046
Health Care	558,154	-	558,154
Prescriptions	330,193	-	330,193
Reinsurance	114,487	-	114,487
Dental	100,815	-	100,815
Other Services & Charges	-	124,413	124,413
Repair & Maintenance	-	3,717	3,717
Depreciation	-	11,541	11,541
	<hr/>	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	1,179,695	350,008	1,529,703
	<hr/>	<hr/>	<hr/>
OPERATING INCOME (LOSS)	330,849	28,028	358,877
	<hr/>	<hr/>	<hr/>
NON-OPERATING REVENUES (EXPENSES):			
Interest Earnings	19,275	6,812	26,087
	<hr/>	<hr/>	<hr/>
Total Non-operating Revenues	19,275	6,812	26,087
	<hr/>	<hr/>	<hr/>
CHANGES IN NET ASSETS	350,124	34,840	384,964
	<hr/>	<hr/>	<hr/>
NET ASSETS, JANUARY 1	382,214	103,871	486,085
	<hr/>	<hr/>	<hr/>
NET ASSETS, DECEMBER 31	\$ 732,338	\$ 138,711	\$ 871,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2007

	Self- Insurance	DPW Administration	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers/payments (to) from other governmental units	\$ 1,504,239	\$ 378,036	\$ 1,882,275
Payments to Suppliers	(1,168,994)	(142,213)	(1,311,207)
Payments to Employees	-	(194,495)	(194,495)
	<u>335,245</u>	<u>41,328</u>	<u>376,573</u>
Net Cash Provided (Used) by Operating Activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Interest Payments	-	(2,445)	(2,445)
Principal Payments	-	(14,552)	(14,552)
	<u>-</u>	<u>(16,997)</u>	<u>(16,997)</u>
Net Cash Provided (Used) by Capital and Related Financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest Earnings	19,275	6,812	26,087
	<u>19,275</u>	<u>6,812</u>	<u>26,087</u>
Net Cash Provided (Used) by Investing Activities			
Net Increase (Decrease) in Cash and Equivalents	354,520	31,143	385,663
Balances - Beginning of the Year	328,838	101,469	430,307
Balances - End of the Year	<u>\$ 683,358</u>	<u>\$ 132,612</u>	<u>\$ 815,970</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 330,849	\$ 28,028	\$ 358,877
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	-	11,541	11,541
Change in Assets and Liabilities:			
Accounts Receivable	(4,961)	-	(4,961)
Prepaid Expenses	(1,344)	-	(1,344)
Accounts Payable	10,701	978	11,679
Accrued Liabilities	-	781	781
	<u>-</u>	<u>781</u>	<u>781</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 335,245</u>	<u>\$ 41,328</u>	<u>\$ 376,573</u>

County of Wexford, Michigan

Combining Statement of Net Assets Nonmajor Enterprise Funds December 31, 2007

	Land Reutilization	2003 Delinquent Tax	2004 Delinquent Tax	2005 Delinquent Tax	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
ASSETS:										
<i>Current Assets:</i>										
Cash & Equivalents - Unrestricted	\$ 211,962	\$ -	\$ -	\$ 435,181	\$ 43,634	\$ 14,778	\$ 661,787	\$ 144,414	\$ 28,061	\$ 1,539,817
Taxes Receivable	-	1,979	-	195,490	-	-	-	-	-	197,469
Accounts Receivable	-	-	-	-	-	-	-	36,230	66,775	103,005
Interest Receivable	-	-	-	64,645	-	-	-	-	-	64,645
Due from Other Governments	-	260	-	5,171	-	-	-	-	-	5,431
<i>Noncurrent Assets:</i>										
Capital Assets (net of accumulated depreciation)	-	-	-	-	257,741	-	11,548	3,952	694	273,935
TOTAL ASSETS	<u>\$ 211,962</u>	<u>\$ 2,239</u>	<u>\$ -</u>	<u>\$ 700,487</u>	<u>\$ 301,375</u>	<u>\$ 14,778</u>	<u>\$ 673,335</u>	<u>\$ 184,596</u>	<u>\$ 95,530</u>	<u>\$ 2,184,302</u>
LIABILITIES:										
<i>Current Liabilities:</i>										
Advances from Other Funds	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Accounts Payable	-	-	-	-	939	-	11,723	5,708	1,556	19,926
Accrued Liabilities	-	-	-	-	798	-	1,103	422	422	2,745
Other Liabilities	-	1,466	-	437	-	-	-	-	-	1,903
TOTAL LIABILITIES	<u>-</u>	<u>1,466</u>	<u>-</u>	<u>200,437</u>	<u>1,737</u>	<u>-</u>	<u>12,826</u>	<u>6,130</u>	<u>1,978</u>	<u>224,574</u>
NET ASSETS:										
Invested in Capital Assets (net of related debt)	-	-	-	-	257,741	-	11,548	3,952	694	273,935
Unrestricted	211,962	773	-	500,050	41,897	14,778	648,961	174,514	92,858	1,685,793
TOTAL NET ASSETS	<u>211,962</u>	<u>773</u>	<u>-</u>	<u>500,050</u>	<u>299,638</u>	<u>14,778</u>	<u>660,509</u>	<u>178,466</u>	<u>93,552</u>	<u>1,959,728</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 211,962</u>	<u>\$ 2,239</u>	<u>\$ -</u>	<u>\$ 700,487</u>	<u>\$ 301,375</u>	<u>\$ 14,778</u>	<u>\$ 673,335</u>	<u>\$ 184,596</u>	<u>\$ 95,530</u>	<u>\$ 2,184,302</u>

County of Wexford, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Assets - Nonmajor Enterprise Funds For the Year Ended December 31, 2007

	Land Reutilization	2003 Delinquent Tax	2004 Delinquent Tax	2005 Delinquent Tax	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
OPERATING REVENUES:										
Interest & Penalties	\$ -	\$ 205	\$ 55,687	\$ 134,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 190,767
Charges for Services	-	-	35,819	50,754	-	-	233,065	128,090	49,936	497,664
Other Revenue	35,142	-	-	-	42,687	-	-	-	-	77,829
TOTAL OPERATING REVENUES	35,142	205	91,506	185,629	42,687	-	233,065	128,090	49,936	766,260
OPERATING EXPENSES:										
Salaries & Benefits	-	-	-	-	28,525	-	65,568	25,989	25,927	146,009
Supplies	7,599	-	-	-	1,967	323	19,995	3,372	1,377	34,633
Administration	-	-	1,459	-	-	-	38,675	18,750	8,063	66,947
Other Services and Charges	-	-	-	-	13,598	149	61,717	38,365	10,239	124,068
Repair & Maintenance	-	-	-	-	3,111	-	10,034	-	169	13,314
Depreciation	-	-	-	-	18,499	447	1,433	2,546	286	23,211
Other Expenses	-	-	38,519	350	-	-	2,576	1,604	2,191	45,240
Total Operating Expenses	7,599	-	39,978	350	65,700	919	199,998	90,626	48,252	453,422
OPERATING INCOME (LOSS)	27,543	205	51,528	185,279	(23,013)	(919)	33,067	37,464	1,684	312,838
NON-OPERATING REVENUES (EXPENSES):										
Interest Earnings	8,257	3,740	-	21,485	1,925	646	32,417	5,495	1,307	75,272
Total Non-operating Revenues (Expenses)	8,257	3,740	-	21,485	1,925	646	32,417	5,495	1,307	75,272
Income (loss) before transfers	35,800	3,945	51,528	206,764	(21,088)	(273)	65,484	42,959	2,991	388,110
Operating Transfers In	-	218	-	-	-	-	-	-	-	218
Operating Transfers Out	-	(455,356)	(736,993)	-	-	-	-	-	-	(1,192,349)
CHANGES IN NET ASSETS	35,800	(451,193)	(685,465)	206,764	(21,088)	(273)	65,484	42,959	2,991	(804,021)
NET ASSETS, JANUARY 1	176,162	451,966	685,465	293,286	320,726	15,051	595,025	135,507	90,561	2,763,749
NET ASSETS, DECEMBER 31	\$ 211,962	\$ 773	\$ -	\$ 500,050	\$ 299,638	\$ 14,778	\$ 660,509	\$ 178,466	\$ 93,552	\$ 1,959,728

County of Wexford, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2007

	Land Reutilization	2003 Delinquent Tax	2004 Delinquent Tax	2005 Delinquent Tax	Recycling	Aquatic Nuisance	Wastewater System #1 Lk Mitchell	Wastewater System #3 Haring Twp	Wastewater System #4 Mesick	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:										
Receipts from Customers/payments (to) from other governmental units	\$ 35,142	\$ 4,175	\$ 309,982	\$ 1,112,370	\$ 42,687	\$ -	\$ 233,065	\$ 128,431	\$ 41,955	\$ 1,907,807
Payments to Suppliers	(7,599)	-	(39,978)	(2,399,913)	(17,691)	(472)	(141,666)	(73,182)	(21,958)	(2,702,459)
Payments to Employees	-	-	-	-	(28,525)	-	(65,472)	(25,798)	(25,846)	(145,641)
Net Cash Provided (Used) by Operating Activities	27,543	4,175	270,004	(1,287,543)	(3,529)	(472)	25,927	29,451	(5,849)	(940,293)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:										
Operating transfers in	-	218	-	-	-	-	-	-	-	218
Operating transfers out	-	(455,356)	(736,993)	-	-	-	-	-	-	(1,192,349)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-	(455,138)	(736,993)	-	-	-	-	-	-	(1,192,131)
CASH FLOWS FROM INVESTING ACTIVITIES:										
Interest income	8,257	3,740	-	21,485	1,925	646	32,417	5,495	1,307	75,272
Net Cash Provided (Used) by Investing Activities	8,257	3,740	-	21,485	1,925	646	32,417	5,495	1,307	75,272
Net Increase (Decrease) in Cash and Equivalents	35,800	(447,223)	(466,989)	(1,266,058)	(1,604)	174	58,344	34,946	(4,542)	(2,057,152)
Balances - Beginning of the Year	176,162	447,223	466,989	1,701,239	45,238	14,604	603,443	109,468	32,603	3,596,969
Balances - End of the Year	\$ 211,962	\$ -	\$ -	\$ 435,181	\$ 43,634	\$ 14,778	\$ 661,787	\$ 144,414	\$ 28,061	\$ 1,539,817
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Operating Income (Loss)	\$ 27,543	\$ 205	\$ 51,528	\$ 185,279	\$ (23,013)	\$ (919)	\$ 33,067	\$ 37,464	\$ 1,684	\$ 312,838
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Depreciation Expense	-	-	-	-	18,499	447	1,433	2,546	286	23,211
Change in Assets and Liabilities:										
Taxes Receivable	-	707	157,215	863,189	-	-	-	-	-	1,021,111
Accounts Receivable	-	-	-	-	-	-	-	341	(7,981)	(7,640)
Interest Receivable	-	-	51,881	41,476	-	-	-	-	-	93,357
Due from Governmental Units	-	1,887	9,380	22,076	-	-	-	-	-	33,343
Advances from Other Funds	-	-	-	(2,400,000)	-	-	-	-	-	(2,400,000)
Accounts Payable	-	-	-	-	495	-	(8,669)	(11,091)	81	(19,184)
Accrued Liabilities	-	-	-	-	490	-	96	191	81	858
Other Liabilities	-	1,376	-	437	-	-	-	-	-	1,813
Net Cash Provided (Used) by Operating Activities	\$ 27,543	\$ 4,175	\$ 270,004	\$ (1,287,543)	\$ (3,529)	\$ (472)	\$ 25,927	\$ 29,451	\$ (5,849)	\$ (940,293)

Reports on Compliance



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MEMBER MACPA

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Chairman and Members of
The Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and aggregate remaining fund information of the County of Wexford, Michigan, as of and for the year ended December 31, 2007, which collectively comprise Wexford County's basic financial statements and have issued our report thereon, dated June 10, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Wexford County Road Commission, Cadillac-Wexford Transit Authority, Cadillac-Wexford Public Library, and the Wexford County Airport Authority's financial Statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Wexford County Road Commission, Cadillac-Wexford Public Library, and the Wexford County Airport Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Wexford, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Wexford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 07-1.

We noted certain matters that we reported to management of the County of Wexford, Michigan in a separate letter dated June 10, 2008.

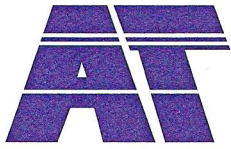
The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

June 10, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

Compliance

We have audited the compliance of the County of Wexford, Michigan with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

Wexford County's basic financial statements include the operations of the Cadillac-Wexford Transportation Authority which received \$714,021 in federal awards which is not included in schedule during the year ended December 31, 2007. Our audit, described below, did not include the operations of the Cadillac-Wexford Transportation Authority because the Authority engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan

In our opinion, Wexford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

June 10, 2008

County of Wexford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Pass-through programs from the Michigan Department of Natural Resources:			
Timber Sales	10.665	N/A	\$ 83,947
Oil and Gas Revenue	10.665	N/A	6,560
Total U.S. Department of Agriculture			90,507
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:			
Pass-through programs from the Michigan State Housing Development Authority:			
Housing Program CDBG - 2006	14.228	MSC-2006-5831-HOA	160,473
Total U.S. Department Housing & Urban Development			160,473
U.S. DEPARTMENT OF JUSTICE:			
Pass-through programs from Missaukee County:			
Transitioning Offenders Programs and Services - 10/01/06 to 9/30/07	16.738	ODCP#72196-3-07-B	61,290
Byrne Memorial Formula Grant Program - 10/01/06 to 9/30/07	16.738	70772-9-07-B	21,366
Byrne Memorial Formula Grant Program - 10/01/07 to 9/30/08	16.738	72315-1-08-B	10,197
Subtotal - Missaukee County			92,853
Pass-through programs from the Michigan Department of Human Services:			
Juvenile Accountability Incentive Block Grant - 02/01/06 to 01/31/07	16.523	JABGN-06-83001	1,159
Juvenile Accountability Incentive Block Grant - 02/01/07 to 01/31/08	16.523	JABGN-07-83001	7,002
Subtotal - MDHS			8,161
Total U.S. Department of Justice			101,014
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through programs from the Michigan Department of State Police:			
Enforcement Zone Grant - 10/01/06 to 09/30/07	20.600	PT-07-73	15,780
Pass-through programs from the Michigan Department of Transportation:			
Road Projects - State Administered	20.205	N/A	324,825
Road Projects - Local Administered	20.205	N/A	65,499
Federal Transit Capital Improvement Grant - Airport	20.500	N/A	111,190
Subtotal - MDOT			501,514
Total U.S. Department of Transportation			517,294
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through programs from the Michigan Department of Human Services:			
AFDC Maintenance Assistance for 2004/2005	93.563	N/A	10,658
AFDC Maintenance Assistance for 2005/2006	93.563	N/A	28,795
AFDC Maintenance Assistance for 2006/2007	93.563	N/A	42,838

County of Wexford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2007

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
PA CRP Title IV-D - 10/1/06 to 9/30/07	93.563	CS/PA-07-83002	47,930
PA CRP Title IV-D - 10/1/07 to 9/30/08	93.563	CS/PA-08-83002	17,374
FOC CRP Title IV-D - 10/1/06 to 9/30/07	93.563	CS/FOC-07-83001	223,512
FOC CRP Title IV-D - 10/1/07 to 9/30/08	93.563	CS/FOC-08-83001	83,552
FOC CRP Title IV-D - 10/1/06 to 9/30/07 - Missaukee County	93.563	CS/FOC-06-83001	67,537
FOC CRP Title IV-D - 10/1/07 to 9/30/08 - Missaukee County	93.563	CS/FOC-07-83001	25,183
Total U.S. Department of Health and Human Services			547,379
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Pass-through programs from the Michigan Department of State			
Police, Emergency Management Division:			
Emergency Management Performance Grants 10/01/06-09/30/07	97.042	N/A	6,067
Emergency Management Performance Grants 10/01/07-09/30/08	97.042	N/A	2,223
Regional Homeland Security Grant 10/1/0X to 1/31/0X	97.067	N/A	15,900
Pass-through programs from the Michigan Department of Natural Resources			
Marine Equipment	97.012	N/A	15,287
Total U.S. Department of Homeland Security			39,477
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,456,144

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Wexford, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - COGNIZANT AGENCY

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Transportation which provided the greatest amount of indirect federal funding to the County during 2007.

NOTE C - NORTHWEST MICHIGAN HUMAN SERVICES AGENCY ADMINISTRATION

The Michigan Community Development Block Grant CFDA #14.228 is administered by the Northwest Michigan Human Services Agency.

NOTE D - FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2007, the Federal aid received and expended by the Road Commission was \$324,825 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit.

**NOTE E - RECONCILIATION OF BASIC FINANCIAL STATEMENT FEDERAL REVENUE
WITH SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Revenue from Federal Sources – As reported in Financial Statements (includes all funds.)	\$ 864,123
Add: Component Units revenue from Federal sources	501,514
Add: Federal revenue classified as State	<u>90,507</u>
Federal expenditures per schedule of expenditures of federal awards	<u>\$ 1,456,144</u>

NOTE F - SUB RECIPIENT AWARDS

Of the federal expenditures presented in the schedule of expenditures of federal awards, federal awards were provided to subrecipients as follows:

<u>Federal Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Title IV-D cooperative reimbursement for 2006/2007 and 2007/2008 – Friend of the Court – Missaukee	93.563	\$ 92,720
Community Development Block Grant for 2006 Northwest Michigan Human Services Agency, Inc.	14.228	160,473

NOTE G - AGENCY OR PASS-THROUGH NUMBER

For all grants that an agency or pass-through number is not available an N/A is listed to note that.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs**CFDA NUMBERS****Name of Federal Program or Cluster**

93.563	Child Support Enforcement
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

STATUTORY COMPLIANCE

Deficit Fund Balances/Net Assets

Finding 07-1

Condition: As of December 31, 2007, a deficit existed in the net assets as follows:

Deficit Net Assets	(1,942,963)
--------------------	-------------

Criteria: Noncompliance with PA 140 of 1971, as Amended, Failure to File Reports and Deficit Elimination Plans.

“For a fiscal year of a unit of local government ending on or after October 1, 1980 or any year thereafter, if a local unit of government ends its fiscal year in a deficit condition, the local unit of government shall formulate and file a financial plan within 90 days after the beginning of the fiscal year to correct this condition”. Upon request of a local unit of government the Department of Treasury may assist that local unit in the formulation of the financial plan to correct the deficit condition. The local unit of government shall file the financial plan with the Department of Treasury for evaluation and certification that the plan ensures that the deficit condition is corrected. Upon certification by the Department of Treasury, the local unit of government shall institute the plan. An amount equal to 25% of each payment to a local unit of government entitled to payments under this act may be withheld until requirements of this subsection are met.”

The Landfill failed to formulate and file a deficit elimination plan within 90 days after the beginning of a fiscal year to correct a deficit condition which existed at the end of the previous fiscal year (MCL 141.921(2)). The financial plan is to be filed with the state treasurer.

Cause: Change in estimated useful lives of landfill cells.

Recommendation: We recommend the Landfill file a Deficit Elimination Plan as required by PA 140 of 1971, as amended. If the deficit has been eliminated subsequent to December 31, 2007, the Landfill should still submit a plan and demonstrate that the plan has already been completed with the desired results.

Corrective Action Planned: The County plans to reduce the deficit by making an operating transfer of \$250,000 in 2008 and additional transfers up to \$250,000 for the years 2009 through 2011 if necessary. The County is also attempting to amend its solid waste management plan to accept out of county waste in hopes that additional revenues will help reduce the deficit. The County is also considering sale or closure of the landfill.

- Contact Person(s) Responsible for Correction
Wendy Moore, County Treasurer

Section III – Federal Award Findings and Questioned Costs

NONE.

NONE.

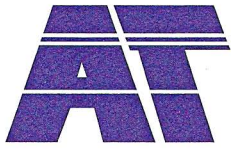
Additional Information

COUNTY OF WEXFORD, MICHIGAN

ADDITIONAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Honorable Chairman and Members
Of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, Michigan 49601

Our report on our audit of the basic financial statements of the County of Wexford, Michigan, as of and for the year ended December 31, 2007, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson Tackman & Co., PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants

June 10, 2008

NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS:

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2007, the County has the following debt issues which apply to SEC Rule 15c2-12:

1. \$4,800,000 2002 Building Authority Bonds, Series 2002.
2. \$4,365,000 Limited Tax Obligation Bonds, Series 2007.

NOTE 2 - TABLES:

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12:

A. County Taxation and Limitations

Property Tax Levy History

<u>Purpose</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
County Operating	6.8302	6.8179	6.7988	6.7797	6.7797
Public Safety (1)	0.9309	0.9292	0.9265	0.9500	-
Animal Control (1)	0.3429	0.3422	0.3412	0.3500	-
Totals	8.1040	8.0893	8.0665	8.0797	6.7797

(1) Voter approved millages.

Source: County of Wexford

SEV and Taxable Valuation History

<u>Year of Valuation</u>	<u>SEV</u>	<u>Taxable Valuation</u>	<u>SEV Percentage Increase Over Prior Year</u>	<u>Taxable Valuation Percent Increase Over Prior Year</u>
2003	1,005,681,073	745,063,754	8.6	5.7
2004	1,102,250,725	794,420,290	9.6	6.6
2005	1,207,607,874	852,971,999	9.6	6.7
2006	1,273,284,019	908,740,439	5.4	6.3
2007	1,327,780,698	960,596,058	4.3	5.7

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

Property Tax Collection History

Year of Levy	Total Levy as of December 1 (1)	Collections to March 1 Year Following Levy		Collection to June 30, 2007	
2003	5,088,934	4,525,974	88.9	5,088,934	100
2004	5,268,532	4,608,735	87.5	5,268,532	100
2005	5,753,778	5,152,718	89.5	5,753,778	100
2006	6,160,987	5,652,391	91.7	6,160,987	100
2007	6,556,032	5,868,003	89.5	6,556,032	100

(1) The County's fiscal year begins January 1st. Taxes are due December 1st. and are recorded as delinquent the following March 1st.

Source: County of Wexford

B. Revenues from the State of Michigan

Fiscal Year Ended/Ending	Revenue Sharing Payments
December 31, 2003	546,844
December 31, 2004	243,692
December 31, 2005	-
December 31, 2006	-
December 31, 2007	-

Source: County of Wexford

C. County Debt

The following table reflects a breakdown of the County's direct and overlapping debt as of December 31, 2007 and includes the Bonds. Bonds designated L.T.G.O. bonds are limited tax pledge bonds.

Direct Debt	Gross	Self-Supporting or Portion Paid Directly By Benefited Municipalities	Net	Per Capita	Net Debt % of SEV
Building Authority (L.T.G.O.)	\$ 4,650,000	\$ -	\$ 4,650,000		
Water & Sewer Bonds (L.T.G.O.)	552,000	552,000	-		
Totals	\$ 5,202,000	\$ 552,000	\$ 4,650,000	201.93	.50%

Source: County of Wexford

NOTE 2 - TABLES: (Continued)

Short-Term Financing

The County does not issue short-term obligations for cash flow purposes.

Lease Obligations

For a description of the County's lease obligations see **"Basic Financial Statements – Notes to Financial Statements – Note Six (6)."**

Source: County of Wexford

Retirement System

For a description of the retirement benefits of the County employees see **"Basic Financial Statements – Notes to Financial Statements – Note Ten (10)."**

Source: County of Wexford

D. Labor Contracts

Of the County's 168 Employees, 66% are represented by labor organizations. The following table illustrates the various labor organizations that represent County employees, the number of members and part-time employees, and the expiration dates of the present contracts.

<u>Bargaining Unit</u>	<u>Number of Employees December 31, 2007</u>	<u>Contract Expiration Date</u>
Command Officers Association of Michigan	3	12-31-08
Police Officers Association of Michigan - 312	29	12-31-06
Police Officers Association of Michigan – Non-312	18	12-31-06
International Union Operating Engineers - DPW	5	12-31-09
International Union Operating Engineers – Landfill	4	12-31-07
Technical Professional Officers Association of Michigan	39	12-31-06
Management	<u>7</u>	12-31-06
Total	<u><u>105</u></u>	

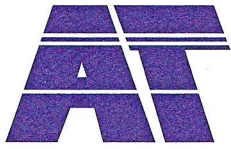
Source: County of Wexford

NOTE 2 - TABLES: (Continued)**E. Major Taxpayers**

Major taxpayers in the County, according to their respective 2007 Taxable Valuations, Include:

<u>Taxpayer</u>	<u>Enterprise</u>	<u>2007 Taxable Valuation</u>
Consumers Energy	Utility	\$ 22,103,414
Cadillac Renewable	Power Utility	12,300,000
Cadillac Rubber	Extruded & Molded Rubber	8,216,559
Cadillac Casting	Ductile Iron Castings	6,596,400
Walmart Real Estate	Retail	6,312,400
Meijer, Inc.	Retail Products	6,181,600
Michigan Consolidated	Utility	5,635,965
Rexair Inc. A US Ind. Inc.	Vaccum Cleaner Manufacturer	4,040,967
Lakeland Square Associates	Developers	3,612,197
Paulstra CRC Corporation	Manufacturing	<u>3,390,800</u>
Total		<u>\$ 78,390,302</u>

Source: County of Wexford



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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Chairman and Members
of the Board of Commissioners
County of Wexford, Michigan
437 East Division
Cadillac, MI 49601

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Wexford, Michigan for the year ended December 31, 2007, and have issued our report thereon dated June 10, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated November 7, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relive you or management of your responsibilities.

In planning and performing our audit, we considered the County of Wexford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Wexford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Wexford, Michigan's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Wexford, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Wexford, Michigan's compliance with those requirements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on November 7, 2008.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Wexford, Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimate of the depreciation expense based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determine that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 10, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us as to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Comments and Recommendations

Bank Statements not included on County's Books (Prior Year)

While examining the confirmations sent to the individual financial institutions, it was noted that two bank accounts held by Wexford County are not included in the general ledger accounting records. These two bank accounts include the sheriff's inmate trust account and district court account. It is recommended that these two bank accounts are added to the County's general ledger.

District Court Bonds and Restitution Listings (Prior Year)

The District Court's outstanding bonds and restitutions as of December 31, 2006 are not recorded in the County's general ledger. While trying to agree the outstanding bonds and restitution to the bank statement, it was noted that the listings were ongoing and, therefore, it was not possible to determine the balance as of December 31, 2006. We recommend that the listings be reconciled to the bank statements on a monthly basis.

County Inmate Trust (Prior Year)

During testing of the inmate trust fund, it was discovered that the sheriff's department purchases and disburses items for the inmates through the inmate trust fund. This trust fund should only include receipts and disbursements made by the inmates housed in the facility. The balance in the inmate trust bank account should only reflect the balance of each inmate's personal funds. The purchasing of commodities and other items should be purchased through a separate fund (the Sheriff Commissary) and only purchased by the inmates through the inmate trust fund. It is recommended that the sheriff's department separate these functions.

Compensated Absences (Prior Year)

Compensated absences for the enterprise funds are currently included with the governmental activities of the County. In accordance with generally accepted accounting principles the compensated absences relating to employees of an enterprise fund must be recorded in the fund as a liability. We recommend that the County record employee's compensated absences of enterprise funds as a liability in those funds.

Fraud Policy (Prior Year)

With the implementation of Statement of Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The County does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the County adopt a fraud policy in compliance with SAS No. 99.

Personal Property Taxes (Prior Year)

Currently, the County is not recording the amount of outstanding delinquent personal property taxes that are due to the County in the general ledger. It is recommended the County record the amount of outstanding delinquent personal property taxes in the general ledger of each fund that has a tax levy. The County should maintain subsidiary ledgers which show the amount of delinquent personal property taxes owed by each taxing unit by individual tax year.

Federal Grants

Per correspondence with the Department of natural Resources CFDA #10.665, "Schools and Roads – grants to states for timber sales" revenue and expenditures should be reported in the County's basic financial statements and Schedule of Expenditures of Federal Awards. Currently these funds are reported in the trust and agency fund. It is recommended that the County record this grant in a special revenue fund as appropriate and report these amounts on the Schedule of Expenditures of Federal Awards.

Tax Collections

While reviewing tax collections for the current year, it was noted that the County recorded the 2008 taxes collected in December of 2007 in the tax revenue account in each relevant fund. It is recommended that the taxes collected prior to the beginning of the year, that the tax pertains to, is held in the trust and agency fund and a journal entry is made to move the taxes into the appropriate year.

GASB Statement 45 – Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions

In June 2004, the GASB issued Statement 45, which establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes post-employment healthcare as well as other post-employment benefits such as life insurance.

The Statement is implemented in three phases, with the County of Wexford required to implement the Statement for the year ended December 31, 2008, GASB Statement 45 will impact the future accounting of post-employment health insurance costs as it relates to the amount the County will be required to pay for these benefits. Beginning in 2008, the County will be required by governmental generally accepted accounting principles to pay the current cost of providing those benefits as well as an amount needed to fund a portion of the unfunded liability relating to post-employment health benefit. The unfunded liability will be required to be actuarially determined and will be amortized over a period likely not to exceed thirty years. The methods used as part of Statement 45 are similar to those currently used to determine required contribution rates for defined benefit pension plans.

The County Board of Commissioners as well as County Management should begin to consider the impact of GASB Statement 45 prior to the required implementation date.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This report is intended solely for the information and use of the Board of Commissioners, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

June 10, 2008